

INDIAN CHAMBER OF COMMERCE CALCUTTA



ANNUAL REPORT OF THE COMMITTEE

FOR THE YEAR 1938



Published by
THE SECRETARY, INDIAN CHAMBER OF COMMERCE, CALCUTTA
135, Canning Street, Calcutta

1939

PRINTED BY
P. GHOSE
AT THE COMMERCIAL GAZETTE PRESS
6, PARSI BAGAN LANE, CALCUTTA

CONTENTS

	Report page No	Corres- pondence page No.
Articles of Association	i
Bye-Laws made under Article 28	xv
Rules re: Election of Commissioners to the Calcutta Port Trust	xvii
List of Members (arranged alphabetically)	xix
" " " (" " according to business)	xxviii
" " Bodies affiliated to the Chamber	xxxiv
Presidents of the Chamber	xxxv
Representatives on Various Public Bodies	xxxvi
Committee of the Chamber for the Year 1939	xxxix
Proceedings of 13th Annual General Meeting	xxxx
Presidential Address of Sir A. R. Dalal at the 13th Annual General Meeting	1
Speech delivered by Mr. G. L. Mehta, the incoming President at the 13th Annual General Meeting	9

Report : Indian Chamber of Commerce, Calcutta.

Committee Members ... ..	...	1
Committee Meetings ... ..	...	2

Representation on Public Bodies.

Appellate Authority Constituted by Rule 75 (1) of the Bengal Factories Rules, 1935 ... ..	...	2	1
Visiting Committee for the Medical College Group of Hospitals ... ..	...	3	3
Visiting Committee of the Campbell Hospital ... ..	...	4	3
Board of Industries Established under section 3 (1) of the Bengal State Aid to Industries Act, 1931 ... ..	...	4	4
Traffic Advisory Board, Calcutta ... ..	...	5	
Board of Economic Enquiry, Bengal ... ..	...	5	
Board of Management of the Government Commer- cial Institute ... ..	...	5	
Committee of Management of the Government weaving Institute, Serampore ... ..	...	5	5
Combined Commercial Museum and Health Publicity Section of the Calcutta Corporation ... ..	...	6	

	Report page No.	Corres- pondence page No.
Bengal Smoke Nuisance Commission ...	6	6
Representation of the Chamber on the Calcutta Port Trust	6	
E. I. Railway Local Advisory Committee ...	6	
E. B. Railway Local Advisory Committee ...	7	
Consultative Committee of the Calcutta Electric Supply Corporation	7	7
Representation of the Chamber on the Tea Marketing Expansion Board	8	10

Interviews and Meetings

Meeting with Mr. H. S. Malik, O.B.E., I.C.S., the Government of India Trade Commissioner Designate to New York	9	
Meeting with Mr. G. V. Bewoor, C.I.E., I.C.S., Director General of Post and Telegraphs ...	9	13
Meeting with Mr. J. F. Sheehy I.C.S., Member Central Board of Revenue	10	13
Meeting with the Chief and the Financial Commis- sioners of Railways	11	14
Meeting with the Indian Delegation from Burma ...	11	

Customs.

Enquiry by the Tariff Board into the question of Protection to Paper and paper pulp industries ...	12	15
Protection to Minor Industries	14	18
Enquiry by the Tariff Board into the question of protection to Magnesium Chloride Industry ...	16	22
Imports of Japanese Artificial Silk Loongies into Calcutta through the Port of Rangoon ...	17	23
Excise duty on Medical Preparations and Essences for Aerated Waters and Confectionery etc. ...	18	27
Adulteration of Drugs in India and Inter-Provincial Barriers of Excise on Drugs and Pharmaceutical Products	19	30
Difficulties of the Pharmaceutical Industry in India ...	21	34
Trade Figures regarding Jute and Cotton in the Indian Trade Journal	23	38
Difficulties of Indian Traders in Afghanistan ...	23	39
Boycott of Zanzibar Cloves	25	43

	Report page No	Corres- pondence page No.
The Decision of the Japan Cotton Spinners Associa- tion to issue permits for out-standing Contracts		
of Cotton at Arbitrary prices	26	43
Unfair Competition in the Match Industry	<u>27</u>	<u>45</u>
Difficulties experienced about Export of Safety Matches to Nepal	27	47
Amendment to the Northern India Sugar and Matches (Excise Duty) Orders, 1938	28	48
Holidays to the Excise Staff posted at Match Factories	29	50
Clause 43 of the Northern Indian (Excise Duty) Supplimentary Order, 1938	30	53
Working of Match Factories in double Shifts— Granting of Banderols on Credit—Sampling for Assessment of Duty	30	54
Limitation of War risk cover on cargo in transit	31	59
Enquiry by the Tariff Board into the Question of protection to the Sericultural Industry in India	32	60
Indo-British Trade Negotiations	33	62
Import Duty on Foreign Wheat	34	67
Compulsory marking of count and weight on yarn sold and modification in the existing scale of tolerances and allowances	35	68
Export of Tea from Cutch Mandvi and other Kathiawar Ports	36	70
Tariff Board's Reports on Sugar Industry	39	75
Indian Tea Control Rules, 1938	40	77
Difficulties experienced by Merchants in despatching goods to Nepal	40	79
Amended Schedule of fees to be charged by the Tribunal of Arbitration of the Chamber	41	
Tariff Values of various articles	41	81
Annual Revision of Tariff Values	43	82

Public Affairs.

Nomination of Jute interests on the Board of Howrah Municipality	44	84
Difficulties experienced by Kathiawar Ghee Merchants in connection with the Corporation Ghee Test	44	85
Prevention of Adulteration of Ghee	45	87

	Report page No.	Corres- pondence page No.
Share Capital of the Indian Trans-Centintental Airways Limited	46	89
Grievances of merchants in connection with Howrah Grain Market	49	94
Contract for the Supply of Labour to the Port Commissioners	49	95
Appointment of an Indian as Chairman of the Bombay Port Trust	51	98
Appointment of an Indian as a Jute Specialist ...	51	99
Treatment of Howrah Bazar Holidays as "dies-non" in respect of wharfage and demurrage charges	52	100
Alteration in the system of recruitment to Govern- ment posts for alleviating unemployment ...	52	100
The question of employment of released detenus ...	53	110
Calcutta University Appointments and Information Board	54	111
Beggar Nuisance in the Streets of Calcutta ...	55	113
Facilities for Indian Apprentices for Practical Training in Workshops	56	116
Provisions in the Government of India Act, 1935, prejudicial to Indian Trade, Commerce and Industry	57	118
Adequate Police Arrangement in Tollygunge ...	58	123
Appointment of a Non-Indian as Superintendent of Insurance under the New Insurance Act ...	59	127
Indianisation of Superior posts under the Govern- ment of India	60	128
Indianisation of the Imperial Bank Services ...	61	132
Appointment of a non-Indian as a Sugar Engineer at the Imperial Institute of Sugar Technology ...	62	135
The appointment of an European as agent in Burma	62	136
Appointment of an Indian as Deputy Chief Engineer to the Karachi Port Trust	63	137
Riots in Burma	63	138
Unemployment Situation in Bengal	64	
Theft Cases in Bhowanipore area	64	139
Air-Raid Precautions	64	139
Obstruction to business activities caused by certain persons carrying on propaganda about stopping work on Sundays	65	

	Report page No	Corres- pondence page No.
Obstruction caused by the Police to businessmen carrying on <i>bonafide</i> activities at the Gunny Market	65	144
Treatment of Foreigners in Italy	66	
Complaints about Calcutta Tramways Services ...	66	144
Declaration of District No. I as prohibited area for 'dal golas' and 'dal polishing' business ...	68	148
Move for the Declaration of the Gopastami Day as Public Holiday	68	149
Personnel of the India Defence Committee ...	69	150
Proposal to close down the sale depot of the Govern- ment of India Publications at Calcutta ...	69	150
Testing Station for Motor Vehicles	70	151
Use of Saccharine in Aerated Waters	70	155
Orders for Clothings for Government of India's Defence Programme with British Firms ...	71	156
Association of an Indian with Mr. J. D. Tyson in the enquiry conducted by the Royal commission into the Social and Economical conditions in Jamaica	72	157
Extension of Bus Routes 4 and 4A upto Cossipore Jute Market	72	159
Spanish Relief Committee	73	

Law and Legislation.

Indian Patents and Designs (Amendment) Bill, 1937	73	161
Bengal State Aid to Industries Act	74	161
Bengal Jute Bill	75	168
Bengal Shop Hours and Assistants Bill	76	169
United Provinces Ghee Colourisation Bill ...	77	175
Bengal Municipal (Amendment) Bills and Bengal Local Self-Government (Amendment) Bill ...	78	177
Amendment to Auditors' Certificate Rules, 1932 ...	78	180
Bengal Agricultural Debtors Bill	79	180
Draft Coal Mines Rescue Rules	79	181
Draft Amendments to Indian Electricity Rules, 1937	80	182
Bengal Money Lenders Bills	80	183
Proposed Legislation for the Registration of Trade Marks in India	82	192
Proposed introduction of elective principle into appointments to the Indian Accountancy Board ...	83	196

	Report page No	Corres- pondence page No.
Exchange Value of the Rupee ...	132	334
Delay in getting receipts for payments made to the Treasury ...	133	
Certain objectionable Clause in Marine Insurance Policies ...	133	
Deposit of Securities in Burma by Indian Life Assur- ance Companies ...	134	340
Draft Ceylon Ordinance for Insurance Business in Ceylon ...	134	341

Railways.

Revision of train timings on the E. I. Ry. ...	135	
Shortage of Wagons for Coal ...	135	342 ✓
Delay in arrival of Consignments on the Eastern Bengal Railway ...	136	344
Rebate on Cotton booked to Cawnpore ...	137	345
Form of Money receipt issued at Shalimar ...	139	352
Delay in taking delivery of goods into boats at Shalimar ...	140	355
Air-conditioned Service between Howrah and Bombay	141	356
Proposed changes in the timings of the 2 Down Delhi Mail and 4 Down Bombay Mail ...	143	364
Preferential treatment to Export Traffic on Indian Railways ...	144	366
Indian Railway (Amendment) Bill ...	147	374
Municipal taxes for plots and buildings at the Shalimar Coal Depot ...	147	375
Second class compartments on the B. N. W. Railway	149	379
Refund of Demurrage charges at the Chetla Siding ...	149	
Revision of Train Timings ...	149	
Undue delay in the Transit of Shellac Traffic ...	150	380
Control of Agents or General Managers over Chief Accounts officers and their staff ...	150	
17th Informal Quarterly Meeting ...	150	
18th Informal Quarterly Meeting ...	151	381
19th Informal Quarterly Meeting ...	152	383
References from the Indian Railway Conference Association regarding Railway classification of various articles ...	154	386
Transport of Fodder to Famine Stricken Areas ...	156	387

	Report page No.	Corres- pondence page No
Alterations to train timings from 1st April, 1939 ...	156	
Statistics of arrival of produce and minerals in Calcutta	156	389
Publicity contract given by the Railway Board ...	157	390
Luggage allowances on Railways	157	
Procedure of supplying wagons	157	391

Organisation.

Election of one representative of the Federation to the Imperial Council of Agricultural Research ...	158	
Election of a representative of the Federation on the Standing Wheat Committee	158	
Election of a representative of the Federation on the Standing Rice Committee	158	
The 11th Annual Session of the Federation ...	159	
Draft Resolutions for the 11th Annual Session of the Federation	159	
Amendments suggested by the Indian Merchants' Chambers' Standing Sub-Committees ...	160	
Federation	159	392
Inclusion of representatives of Affiliated Bodies on Chambers, Standing Sub-Committees ...	160	
Amendment of Rule 19 of the Tribunal of Arbitration of the Chamber	160	
Indian Chemical Manufacturers' Association ...	160	
10th Biennial Congress of the International Chamber of Commerce	161	
Pooling of activities of the Member Bodies of the Federation of Indian Chambers of Commerce and Industry	161	394

Miscellaneous.

Grain and Oil-Seeds Standards Conference in Delhi	162	397
Proposed establishment of a Federation of Indian Grain and Oil-Seeds Association	162	
Filtration test for kiri	163	397
9th Annual Meeting of the Indian National Com- mittee of the International Chamber of Commerce	164	
Marketing Survey of Cotton in India	164	399
Holidays under the Negotiable Instruments Act on the Occasion of Durga Puja Festival	164	

	Report page No.	Cores- pondence page No
Empire Exhibition at Glasgow ...	164	399
Stocks of Sugar at principal Ports ...	165	401
Representation of Indian Growers on the Interna- tional Tea Committee ...	166	402
Regulations Applicable to Commercial Travellers ...	167	
Panel of Arbitrators for the Indian Sugar Syndicate Ltd. ...	167	
Bengal Jute Ordinance ...	167	
Bengal Jute Enquiry Committee ..	168	405
Proposed alteration of the dates of publication of the Final Jute Forecast ...	168	407
Proposed inclusion of Cotton in the Schedule under the Agricultural Produce (Grading and Marking) Act, 1937 ...	168	408
Proposed addition of certain articles to the Schedule to the Agricultural Produce (Grading and Marking) Act, 1937 ...	169	409
The sad demise of Mr. K. J. Purohit Vice-President of the Indian Chamber of Commerce ...	170	
Messsages of Condolence ...	170	
Tribunal of Arbitration ...	171	
Survey Certificates ...	172	
Certificates of Origin ..	172	
Collaboration of other bodies with this Chamber ...	172	
Supply of Complimentary Literature ...	172A	
Membership ...	172A	
Finances ...	172A	
Statement of Accounts ...	174	
Presidential Addresses—		
1st Quarterly Meeting ...		413
2nd Quarterly Meeting ..		417
3rd Quarterly Meeting ...		422
Appendices—		
I. Memorandum submitted by the Indian Chamber of Commerce, Calcutta, on the Income-Tax (Amendment) Bill, 1938 ...		
II. Reply statement of the Indian Chamber of Com- merce, Calcutta, to the Questionnaire issued by the Bengal Jute Enquiry Committee (1938) ...		

ARTICLES OF ASSOCIATION
OF
The Indian Chamber of Commerce
CALCUTTA

(AS AMENDED UPTO 27TH FEBRUARY, 1939)

Registered under the Indian Companies Act (VII of 1913)

1. In the Articles, unless there be something in the subject or context inconsistent therewith,

“The Chamber” means “The Indian Chamber of Commerce, Calcutta” incorporated under the provisions of the Indian Companies Act, 1913.

“Member” means a member of the Chamber including a member provisionally elected.

“General Meeting” means a general meeting of the Chamber.

“The President” means the President of the Chamber.

“The Vice-President” means one of the Vice-Presidents of the Chamber competent to act under these Articles.

“The Committee” means the Committee of the Chamber elected under these Articles.

“The Secretary” means the Secretary to the Chamber.

“Indian” for the purpose of these Articles shall include any person of Indian descent in the male line born, naturalised or domiciled in India or in any of the Indian states or any such person who is a child or grandchild of any such person.

2. For the purpose of registration, the Chamber is declared to consist of 500 members.

3. The Committee may, when they think fit, register an increase of members.

4. The Chamber is established for the purpose expressed in the Memorandum* of Association.

Members

5. Every individual, firm, joint-stock company or other corporation, who or which signed the application form issued in the name of the Chamber up to 30th January, 1926, and has his or their name entered to the register of members, shall *ipso facto* and without election be a member of the Chamber and have his or their name entered in the register of members.

6. Merchants, bankers, ship-owners, representatives of commercial, transport or insurance companies, brokers and persons engaged in commerce, agriculture, mining or manufacture, and persons engaged in or connected with art, science or literature, who are Indians, shall be eligible for election as members of the Chamber.

†7. Any firm, joint-stock company or other corporation engaged in or connected with commerce, agriculture, mining or manufacture shall be eligible for election, as a member of the Chamber in their conventional or corporate name, provided that when applying for election, in the case of a firm not less than one half of the proprietary interest thereof is represented by an Indian or Indians and in the case of the joint-stock company and other corporation not less than one half of the directors are Indians or not less than one half of its capital is owned by Indians. Provided however notwithstanding anything hereinbefore contained any company or other corporation which is a public utility concern in India shall be eligible for election as a member of the Chamber. Any firm, company or corporation being a candidate for election as a member of the Chamber shall send with the proposal form, provided for by Article 9 of these Articles, a declaration that it is eligible for election as a member of this Chamber.

8. Subject to the provisions and restrictions of these articles the rights and privileges of membership may, in the case of a firm elected in their conventional name as a member of the Chamber, be exercised by any partner in such firm or by such person authorised by power of attorney or letter of procuration or otherwise to the satisfaction of the Committee to sign the name of the firm or to sign

*Memorandum of Association is Published in last year's Report.

†As amended at the Special General Meetings held on the 19th August and 6th September 1929.

such name per procuration and may, in the case of a joint-stock company or other corporation, elected in their corporate name as a member of the Chamber, be exercised by a Director, Manager, Secretary or any other responsible officer of the company or corporation or a person authorised by power of attorney to exercise the same or any other person who in the opinion of the committee, is competent to exercise the same on behalf of the company or corporation, subject nevertheless to the following reservations, namely:—

- (a) The representatives of a firm, joint-stock company or other corporation entitled under this Article to exercise the rights and privileges of membership must have their names registered in the books of the Chamber in order to exercise the aforesaid rights and privileges.
- (b) Notwithstanding the provisions of Article 6 of these Articles, a registered representative exercising the rights and privileges of membership in respect of a firm, company or corporation elected under the last preceding Article may be a person who is not an Indian.
- (c) For each act of exercise of the rights and privileges of membership by a firm, company or other corporation member, only one representative shall be recognised.
- (d) Only one registered representative of a firm, company, or other corporation members shall be entitled to attend a meeting of the Chamber and take part therein.

9. A candidate for election as a member of the Chamber, whether an individual, firm, joint-stock company or other corporation shall be proposed by one and seconded by another member, and may after previous circulation of his or their name among the members of the Chamber be provisionally elected by the Committee and such election shall be subject to confirmation at an ordinary or special general meeting. The proposal form setting out such details as may be prescribed by the Committee from time to time shall be sent to the Secretary signed by the proposer and the seconder. A member provisionally elected by the Committee shall exercise the full rights and privileges of membership.

10. The Committee shall decide any question which may arise as to the eligibility or otherwise of a candidate for admission as a member of the Chamber and their decision shall be final and they shall not be bound to assign any reason for their action.

11. Except as hereinafter provided a firm shall not cease to be a member by reason only of a change in the constitution of the firm occasioned by the admission, retirement or death of a partner provided the business of the firm is continued in the conventional name in which such firm was elected a member.

12. A firm, joint-stock company or other corporation shall *ipso facto* cease to be a member of the Chamber upon any change being made in conventional or corporate name of the firm, company or corporation.

13. Any member may withdraw from the Chamber by giving two months' notice in writing to the Secretary of the intention of such member so to do and upon the expiration of the notice, such member shall cease to be a member of the Chamber.

14. A member shall cease to be a member of the Chamber:—

(a) In case a member is an individual, if he is an undischarged insolvent or if he is adjudged by a competent court to be of unsound mind or if he is convicted of an offence involving moral turpitude.

(b) In case of a firm, if it is dissolved or adjudged insolvent or the partners are convicted of offence involving moral turpitude.

(c) In case of a company, if it is wound up.

15. An annual subscription of Rs. 100 shall be paid by each member of the Chamber whose registered address is within the local jurisdiction of the Calcutta, Howrah, Baranagor and Tollygunge Municipalities and Rs. 50 by other members. All members elected after the 30th of June shall pay one half of the above amount for the remainder of the year. The first subscription of each new member shall be due on election and all other subscriptions shall be due on 1st of January each year and shall be paid in one instalment.

16. A majority of three-fourths of the members present in a meeting and entitled to vote may by a resolution remove from the list of members the name of any member or refuse to confirm his or their provisional election by the Committee. Any such person, firm, company, or corporation shall, from the passing of such resolution, cease to be a member of the Chamber or to exercise the rights and privileges of membership as the case may be.

17. Any member, who shall by any means cease to be a member, shall remain liable for and shall pay to the Chamber, all moneys which at the time of such member ceasing to be a member, may be due from such member to the Chamber.

18. Any member whose subscription shall be three months in arrear and who shall not pay such arrears within two months after written notice calling for such payment, shall cease to be a member. Such notice shall be issued by the Secretary to a member under the express direction of the Committee.

19. The Committee may invite any person being a Government official connected with trade, commerce or industries, or a person distinguished in public service at a meeting of the Chamber or of the Committee, as they may think fit from time to time.

Register of Members

20. A register of members shall be maintained in which shall be entered such information about the members as the Committee may from time to time decide.

Administration

21. The administration of the affairs of the Chamber shall be vested in a body hereinafter called the Committee.

*22. There shall be the following officers of the Chamber, namely, a President, two Vice-Presidents, ordinary members of the Committee and a Secretary. There may also be an Assistant Secretary. The officers of the Chamber, with the exception of the Secretary and the Assistant Secretary (if any) shall act without remuneration.

*23. The Committee shall consist of the President, the two Vice-Presidents of the Chamber, and 18 ordinary members, but the Committee may also elect an economist or an expert in some special subject, as an additional member of the Committee. The person so elected need not be a member of the Chamber. Such person will have the same privileges in the Committee as the members of the Committee otherwise elected. Such person may be elected by the Committee either for a temporary period or for a period not extending beyond the date of the next Annual General Meeting when the Committee of the Chamber is elected.

*As amended at the Special General Meetings on the 25th November and 16th December, 1932.

24. The first Committee of the Chamber shall be composed of the following members;

President

1. Mr. G. D. Birla (Birla Brothers, Ltd.)

Senior Vice-President

2. Mr. Anandji Haridas (Anandji Haridas & Co.)

Vice-President

3. Rai A. C. Banerjee Bahadur (A. C. Banerjee & Co.).

Committee

4. Mr. D. S. Erulkar (Scindia Steam Navigation Co., Ltd.)
5. „ N. Rajabally (Himalaya Assurance Co., Ltd.)
6. „ K. J. Purohit (Batliboi & Purohit.)
7. „ Nagarmull Bajoria (Soorajmull Nagarmull.)
8. „ Nand Lal Puri (Central Bank of India, Ltd.)
9. „ A. N. Palit (Calcutta Soap Works, Ltd.)
10. Mr. Ranglal Jajodia, M.L.A., (Jajodia Cotton Mills, Ltd.)
11. „ D. P. Khaitan, M.L.C., (Kesoram Cotton Mills, Ltd.)
12. „ Ghansyamdas Jagnani (Nopechand Magniram.)
13. „ Ram Kumar Poddar (Ram Kumar Shewchandray).
14. „ A. L. Ojha (Khengarjee Amritlal & Co.)
15. „ G. P. Dutia (Mooljee Jaitha & Co.)
16. „ Faizullabhai Gangjee (Gangjee Sajun & Co.)
17. „ E. P. Guzder (P. E. Guzder & Co.)
18. „ N. C. Sircar (Kerr Tarruck & Co.)

§25. The President, Vice-Presidents and ordinary members of the Committee shall retire at each Annual General Meeting, and shall be eligible for re-election, provided that no person shall be elected as the President for any two consecutive terms.

*26. If the President, a Vice-President or any ordinary member of the Committee do not attend ten consecutive meetings of the Committee, the Committee shall declare his office vacant, and he shall thereupon cease to be a member of the Committee.

§As amended at the Special General Meetings held on 25th February and 13th March, 1936.

*As amended at the Special General Meetings on 19th August and 6th September, 1929.

Election

27. At each Annual General Meeting there shall be elected the President, Vice-Presidents and such ordinary members of the Committee as can be elected according to article 28.

**28. The election of the President, Vice-Presidents and ordinary members of the Committee shall be determined by a majority of votes of the members of the Chamber to be taken by voting cards, as hereinafter described. Provided that ten ordinary members of the Committee shall be elected to represent ten specific trades to be elected by reason of importance or minority and further, such a number (not exceeding four) shall be elected by the other elected members of the Committee, as shall be determined from time to time by bye-laws† made under this Article by the members of the Chamber. Such bye-laws may be added to, altered or rescinded by the Chamber in General Meeting by passing an Extraordinary Resolution within the meaning of the Indian Companies' Act.

29. At least one month before the date of the Annual General Meeting, not being later than 15th January in each year, the Secretary shall issue a notice inviting the members to communicate their intention to serve as the President, a Vice-President or an ordinary member of the Committee, to be elected by the members of the Chamber and the members shall within seven days from the date thereof write to the Secretary intimating their intention.

30. The Secretary shall cause to be entered names of all such persons who have communicated their candidature for election as the President, a Vice-President or an ordinary member of the Committee to be elected by the members of the Chamber in the voting papers which shall be sent to the members, signed and numbered by him, clear fourteen days before the date of the Annual General Meeting. The members shall return the voting papers to the Secretary clear seven days before the date of the Annual General Meeting, after which no voting paper shall be received.

31. On the return of the voting papers to the Secretary, each paper shall be examined by two members, (not being candidates for election as member of the Committee) who shall be appointed by the Committee as scrutinisers. Of the candidates for election as the President and Vice-Presidents, the candidate securing the highest

**As amended at the Special General Meetings on 25th November and 16th December, 1932.

†Vide page xv.

number of votes shall be elected as the President and the candidates securing the next two largest number of votes shall be elected as the senior Vice-President and the Vice-President of the Chamber respectively. The election of the ordinary members of the Committee to be elected by the members of the Chamber shall be determined by a majority of votes secured by the candidates seeking such election as ordinary members. The reports of the scrutinisers shall be published by the Secretary at least three clear days before the date of the Annual General Meeting.

32. Any vacancy occurring in the office of the President, Vice-Presidents or an ordinary member of the Committee during the interval between two Annual General Meetings shall be filled up by the Committee in such manner as they may decide.

Auditor

33. At each Annual General Meeting an Auditor shall be appointed according to the provisions of the Indian Companies Act.

President

34. The President shall preside at all meetings of the Committee, at all general meetings and lead all deputations. He shall preside at the Annual General Meeting, may address the members on such subject as he may deem proper, but such address shall not be taken to represent the views of the Chamber or of the Committee unless such representation is expressly indicated.

35. The President shall also, at any time when he shall deem proper, communicate to the Chamber or to the Committee such matters and shall make such suggestions as may, in his opinion, tend to promote the prosperity and welfare and increase the usefulness of the Chamber, and shall perform such other duties as may be incidental to the office of President.

Vice-President

36. The senior Vice-President in the absence of the President, shall have the powers and perform the duties of the President. In the absence of both the President and the senior Vice-President, the powers and duties of the President shall be exercised and discharged by the other Vice-President.

The Committee

37. The Committee shall meet at such times, as they or the President may deem advisable, and make such regulations as they

think proper as to the summoning and holding of meeting of the Committee, and for the transaction of business at such meetings, and the record of their proceedings shall be open to the inspection of the members subject to such regulations as the Committee may from time to time deem expedient to make.

38. The President and in his absence the senior Vice-President shall be the ex-officio Chairman of the Committee. In the absence of both, the other Vice-President shall act as Chairman.

39. Five Members of the Committee shall form a quorum for the transaction of business, provided however that at any adjourned meeting of the Committee any number of members, not less than 3, may proceed to transact the business.

40. A yearly report of the proceedings of the Committee shall be prepared, printed and circulated for the information of the members of the Chamber, at least three days previous to the Annual General Meeting. Such report shall be submitted to the Annual General Meeting for adoption.

41. The management of the business and funds of the Chamber shall be vested in the Committee. In addition to the powers by these Articles expressly conferred upon them, the Committee shall be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the Chamber including the carrying out of all the objects of the Chamber as set forth in the Memorandum of Association, provided that any of them is not hereby or by law expressly directed or required to be exercised or done by the Chamber in a General Meeting.

42. Without prejudice to the generality of the powers conferred by Article 41 hereof, the Committee shall have power—

(a) To make, vary and repeal rules for the regulation of the business of the Chamber, of the officers or servants or of the members of the Chamber or of any department or section of the Chamber.

(b) To appoint any departmental Committees or Sub-Committees consisting of the members of the Committee of the Chamber which may include representatives of Affiliated Bodies, such departmental Committees or Sub-Committees may be permanent or temporary as the Committee may determine.

- (c) To delegate, subject to such conditions as they think fit, any of their powers to departmental Committees or Sub-Committees, and to make, vary and repeal rules for the regulation of the proceedings of departmental Committees or Sub-Committees.
- (d) To enter into arrangements upon such terms and subject to such conditions as the Committee may deem desirable for working in connection with any Association organised for the protection or better development of any branch of trade, commerce or manufacture by Indians or with like objects that may apply to be allowed to work in connection with the Chamber, provided the objects for which such Association is or shall be formed are not inconsistent with the objects of the Chamber as defined in its Memorandum of Association.
- (e) To make such rules as the Committee may consider expedient for the regulation of the joint working of the business of any Association connected with the Chamber or for the purpose of defining the terms and conditions or the joint working of the business of such Association or as may from time to time be agreed upon between such Association and the Committee.
- (f) To appoint and from time to time remove such clerks and servants in the employ of the Chamber as the committee will think fit and to fix the remuneration to be paid.

Secretary

43. The Secretary shall devote himself entirely to the business and affairs of the Chamber except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Chamber and of funds connected with or in any way controlled by the Chamber and of all moneys received and spent by the Chamber and of the assets, credits and liabilities of the Chamber. He shall keep accurate minutes of all meetings of the Chamber and of the Committee, of the Departmental Committees and Sub-Committees, and of all Associations connected with the Chamber. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Chamber. He shall give notice of all meetings of the Chamber, of the Committee, of the Departmental Committees and Sub-Committees of the Chamber and of all Associations working in

connection with the Chamber. He shall duly notify members of their election, shall countersign all cheques signed by the President or any Chairman of an Association, fund or Committee, shall collect all dues of the Chamber and grant receipts. He shall endorse all cheques, dividend warrants and other negotiable instruments. He shall institute, prosecute and defend suits and other proceedings in which the Chamber may be concerned. He shall prepare the annual report of the Chamber under the guidance of the Committee and the reports of all Committees and all Associations connected with the Chamber and generally shall perform all such duties as are incidental to his office.

Assistant Secretary

44. The Assistant Secretary, in the absence of the Secretary, shall perform all or any of the duties of the Secretary and such of the duties of the Secretary as may be assigned to him from time to time by the Secretary with the sanction of the Committee.

Auditor

45. The Auditor shall audit the accounts of the Chamber, of Departments of the Chamber and of all funds connected with or controlled by the Chamber.

General Meeting

46. General meetings shall be held in the month of February in every year at such place as the Committee may consider convenient for the despatch of business, at which a report of the proceedings of the Committee and the yearly accounts shall be submitted for confirmation. Such meetings shall be called the Annual General Meetings.

47. The Committee may, whenever they think fit, convene a special General meeting either for purpose of transacting any special business or for placing before the members of the Chamber a review of their activity in the preceding months.

48. A special General Meeting shall be convened by the Committee upon the requisition of not less than one tenth of the members of the Chamber subject to a minimum of ten. The requisition so made shall express the object of the special General Meeting proposed to be called and shall be presented to the Secretary.

49. Upon the receipt of a requisition under the last preceding Article, the Committee shall forthwith proceed to convene a special

General Meeting. In case the Committee for ten days after the delivery of such requisition fail to convene a Special General Meeting to be held within twenty one days of such delivery, the requisitionists may themselves convene meeting to be held within six days after such delivery. If for consideration of any matter notices longer than seven clear days are required, such longer time shall be added to the several periods mentioned above.

50. Notice of seven clear days shall be given of a Special General Meeting convened to place before the members a review of the activity of the Committee or to consider any important matter on which the Committee may desire to consult the members; longer notices of not less than clear fourteen days shall be given of special General Meeting convened for other purposes as may from time to time be determined by the Committee.

*51. Notwithstanding the provisions of the last preceding Article and subject to the provisions of the Indian Companies Act, 1913, as to the power to alter regulations by special resolution, forty-five days' notice at the least specifying the place, the day and the hour of the meeting and the nature of the special business, shall be given of any Special General Meeting convened to revise, alter or amend the regulations of the Chamber as contained in these Articles of Association.

52. The non-receipt of a notice convening any General Meeting by any member shall not invalidate the proceedings at any such meeting.

53. Twenty members present and entitled to vote at an Annual General Meeting shall constitute a quorum, but at any Special General Meeting twenty-five members present and entitled to vote shall constitute a quorum. Any person representing different members shall be counted as many times as the number of members he represents.

54. If within half-an hour from the time appointed for a Special General Meeting a quorum of members is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case the meeting shall stand adjourned to the same day in the following week at the same time and place and if at such

*As amended at the Special General Meetings on 19th August and 6th September, 1929.

adjourned meeting the quorum of members is not present, the business on the agenda shall be transacted by the members present whatever be their number.

55. The Chairman may, with the consent of the meeting adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

56. Every question submitted to a General Meeting shall be decided by a majority of members present and voting at such meeting.

Votes of Members

57. Every member shall have one vote. In case of an equality of votes, the President shall exercise a casting vote.

Notices

58. A notice may be served upon any member either personally or by sending it through the post in a prepaid letter addressed to such member at such member's registered address.

Funds

59. The funds of the Chamber shall be deposited in an approved bank and such part thereof as shall not be required for current expenses may at the direction of the committee be invested in securities; such securities shall not be sold or dealt with except at the direction of the Committee. The account with the bank shall be operated upon by cheques signed by the President or either of the Vice-Presidents and countersigned by the Secretary.

Seal

60. The Committee shall forthwith provide a common seal for the Chamber. The seal shall be deposited with the Secretary and shall never be affixed to any document except in the presence of the President or Vice-President and in pursuance of a resolution of the Committee or of the Chamber in General Meeting. Deeds, bonds and other documents required to be made under seal shall be deemed to have been duly executed on behalf of the Chamber if sealed with the common seal of the Chamber and signed by the President or Vice-President and countersigned by the Secretary or the person acting as Secretary.

INDIAN CHAMBER OF COMMERCE, CALCUTTA

Bye-Laws made under Article 28 of the Articles of Association of the Chamber.

(AS AMENDED BY SPECIAL RESOLUTIONS PASSED AND CONFIRMED AT THE SPECIAL GENERAL MEETINGS OF THE CHAMBER HELD ON THE 25TH NOVEMBER, AND 16TH DECEMBER, 1932).

*1. There shall be one member of the Committee to represent each of the following interests:—

- | | |
|----------------------------------|----------------------------|
| 1. Finance. | 6. Coal. |
| 2. Insurance. | 7. Transport. |
| 3. Produce. | 8. Hardware & Engineering. |
| 4. Jute & Jute Manufactures. | 9. Salt and Chemicals. |
| 5. Cotton & Cotton Manufactures. | 10. Rice. |

2. After the notice has been issued by the Secretary inviting the members to communicate their intention to serve as ordinary members of the Committee under provisions of Article 29 of the Articles of Association, such members as are willing to be elected to the Committee as representative of one of the aforesaid interests shall within the prescribed period write to the Secretary intimating their intention.

3. The Committee shall decide if any member offering himself for election as a representative of particular interest under provisions of Bye-law 2 actually represents the same. The Committee shall have the right to reject any such offer and the decision of the Committee shall in this respect be final, provided that on such rejection the member offering himself for such election shall be deemed to have offered himself for election to a seat not reserved for representation of specific interests.

4. The voting cards issued by the Secretary under provisions of Clause 30 of the Articles of Association shall clearly indicate the

*As amended at the Special General Meetings held on 25th November and 16th December, 1932.

members who are seeking election to the Committee as representing any of the specified interests and a vote shall be recorded by the members of the Chamber in respect of one but not more than one of the candidates seeking election as a representative of each special interest.

*5. The number of members of the Committee to be elected by the other elected members of the Committee, as provided for in Article 28 of the Articles of Association, shall be four.

*As amended at the Special General Meetings held on the 25th November and 16th December, 1932.

Rules framed by the Committee of the Indian Chamber of Commerce, Calcutta, on 28th January 1927, governing the election of Commissioners by the Chamber to the Calcutta Port Trust under Provisions of Article 42 (a) of the Articles of Association of the Chamber.

1. As soon as possible after the Chamber has been called upon to elect a Commissioner or Commissioners to the Calcutta Port Trust whether such election becomes necessary either for the initial or periodical constitution of the Trust under the provisions of the Calcutta Port Act, 1890 as amended by the Calcutta Port Act, 1926 or with a view to filling any casual vacancy, the Committee shall authorise the Secretary or such other person as the Committee may think fit to issue a notice inviting members to communicate their intention to offer themselves for election. Such intention shall be communicated by the members offering themselves for election within 7 clear days from the date of issue of the notice.

2. After the candidatures for election have been received from the members by the Secretary, the same shall be laid before the Committee who shall determine whether the persons seeking election, as a Commissioner by the Chamber are eligible for such election, having regard to the provisions of Article 8 of the Articles of Association of the Chamber.

3. After the candidatures for election have been scrutinised by the Committee as indicated in Rule 2 above, if it is found that the number of candidates for election exceeds the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber at least 10 clear days before the date of election. The Secretary shall also issue to each member of the Chamber a voting page signed and numbered by him. The members shall sign and return the voting papers addressed to the scrutinisers appointed (under rule 4) in sealed envelopes not later than by 4 P.M. of the day preceding the date of election.

4. The Committee of the Chamber shall appoint one or more scrutinisers for the scrutiny of voting papers at least 10 clear days before the date fixed for the election. The scrutiniser or scrutinisers so appointed shall scrutinise the voting papers on the date fixed for election and shall declare the result forthwith after scrutiny is completed.

5. The candidate or candidates not exceeding the number to be elected securing the largest number of votes shall be declared duly elected.

6. In the event of an equality of votes preventing the due election of any of the candidate or candidates, the members shall vote afresh in the manner indicated above in respect of the candidates having an equal number of votes.

7. If the number of candidate or candidates for election shall be the same as the number of vacancies, the candidate or candidates shall be declared to be duly elected by the Committee of the Chamber.

8. The names of the person or persons declared elected under Rule 5 or 7 above shall be communicated by the Secretary to the proper authority as early as practicable after the election.

LIST OF MEMBERS OF THE INDIAN CHAMBER OF COMMERCE, CALCUTTA

(Arranged Alphabetically)

As on 1st March, 1939.

A	
Abdoolabhoy Lalljee & Co., 98, Canning Street, Calcutta.	Asian Assurance Co., Ltd., 8, Dalhousie Square, Calcutta.
Abdool Razak Hajee Abdool Sattar, 32, Ezra Street, Calcutta.	The Associated Cement Companies Ltd., Mercantile Building, Calcutta.
B	
Abraham, P. G. 8, Lyons Range, Calcutta.	Babulal and Co., Ltd., 13, Syed Salley Lane, Calcutta.
Adamjee Jute Mills, Ltd., Stephen House, Dalhousie Square, Calcutta.	Bagaria, Hanuman Prasad, C/o East India Jute Association 2, Royal Exchange Place, Calcutta.
Adamjee Hajee Dawood & Co., Ltd., Stephen House, 4, Dalhousie Square, Calcutta.	Baldeo Singh, Proprietor, Indian Steel and Wire Products, E. I. Ry. Works P. O., (Tatanagar).
Alembic Chemical Works Co., Ltd., 1, Stephen House, 5, Dalhousie Square, Calcutta.	Bank of India, Ltd., The 9, Clive Street, Calcutta.
All India Tea & Trading Co., Ltd., P. O. Sylhet, Assam.	Bangodaya Cotton Mills, Ltd., The 7, Council House Street, Calcutta.
Anandji & Co., 40, Ezra Street, Calcutta.	Batliboi & Purohit, 100, Clive Street, Calcutta.
Anandji Haridas & Co., Ltd., Meerbohur Ghat Street, Lohapatty, Calcutta.	Batliboi, S. R. & Co., 1/B, Old Post Office Street, Calcutta.
Anandram Gajadhar, 1, Noormull Lohia Lane, Calcutta.	Basanti Cotton Mills, Ltd., 3, Lyons Range, Calcutta.

Bedi, Ladhasingh & Sons, 4, Dalhousie Square, Calcutta.	Birla Jute Manufacturing Co., Ltd., 8, Royal Exchange Place, Calcutta.
Behar Firebricks & Potteries, Ltd., 3|1, Bankshall Street, Calcutta.	Birla Cotton Spinning & Weaving Mills, Ltd., 8, Royal Exchange Place, Calcutta.
Bengal Bus Syndicate, 1-C, Chowringhee, Calcutta.	B. R. Herman & Mohatta Ltd., 29, Strand Road, Calcutta.
Bengal Chemical & Pharmaceutical Works, Ltd., 94, Chittaranjan Avenue, Calcutta.	British India General Insurance Co., Ltd., Norton Building, 1 & 2, Old Court House Corner, Calcutta.
Bengal Investment Co., Ltd., 8, Royal Exchange Place, Calcutta.	Budh Singh, Rai Bahadur, 74|1, Clive Street, Calcutta.
Bengal Nagpur Railway Co., Ltd., Kidderpore House, Kidderpore.	Budridas Fulchand, 78, Clive Street, Calcutta.
Bengal Potteries, Ltd., 45, Tangra Road, Calcutta.	Bugga, Bhugat Singh & Co., 22, Canning Street, Calcutta.
Bharat Glass Works, Ambica Mukherjee Road, Belgharia. (24-Parganas).	Byron & Co., 52, Chowringhee Road, Calcutta.
Bharat Insurance Co., Ltd., Bharat Bhawan, 3, Chittaranjan Avenue, Calcutta.	C Calcutta Jute Manufacturing Co., Ltd., The 4, Lyons Range, Calcutta.
Bharat Sugar Mills, Ltd., 8, Royal Exchange Place, Calcutta.	Calcutta Tanneries, Ltd., The Bharat Bhawan, 3, Chittaranjan Avenue, Calcutta.
Bhuwalka, R. K., & Co., 155, Chittaranjan Avenue, Calcutta.	Carlsbad Mineral Water Mfg. Co., Ltd., 14, Watkins Road, Howrah,
Birla Brothers, Ltd., 8, Royal Exchange Place, Calcutta.	

Central Bank of India, Ld., The 100, Clive Street, Calcutta.	E East Indian Railway, 105, Clive Street, Calcutta.
Chakravarti, S. K. Ltd., 1-B, Mission Row, Calcutta.	Eastern Bengal Railway, 3, Koila Ghat Street, Calcutta.
Chaliha, G. P. Sibsagar, Assam.	Eastern Federal Union Insurance Co., Ld., The 9, Clive Street, Calcutta.
Chimanlal Vadilal & Co., 38, Armenian Street, Calcutta.	Empire of India Life Assurance Co., Ltd., 28, Dalhousie Square, Calcutta
Chokhany, Ramdev & Sons, 7, Lyons Range, Calcutta.	Essack, A. H. P., 1, Amratolla Lane, Calcutta.
Concord of India Insurance Co., Ld., The 8, Clive Row, Calcutta.	
D	G
Dalchand Bahadur Singh, 48, Gariahat Road, Ballygunge, Calcutta.	Gagalbhai Jute Mills Ltd., 11, Clive Street, Calcutta.
Dandekar, S. B. & Co., 18, Parsee Church Street, Calcutta.	Gangjee Sajun & Co., 11, Clive Street, Calcutta.
Das & Co., 22, Canning Street, Calcutta.	Garage (Calcutta) Ld., The 10, Central Avenue, Calcutta.
Dass Bros., 37, Strand Road, Calcutta.	G. D. Daga & Co., 8, Canning Street, Calcutta.
Daulatram Rawatmull, 178, Harrison Road, Calcutta.	Gilooram Gaurishankar, 29, Banstolla Street, Calcutta.
Dinshaw & Sorabji, Sealdah Station, Calcutta.	Girdharlal Laxminarayan, 12, Noormull Lohia Lane, Calcutta.
Dossani Film Corporation, 7, Colootola Street, Calcutta.	Godrej & Boyce Manufg. Co., Ld., 102, Clive Street, Calcutta.

Gopalpur Tea Co., Ltd., Gopalpur House, Jalpaiguri.	Howrah Flour Mills, Ltd., Howrah.
Gupta, S. K., 55, Canal East Road, Beliaghata, Calcutta.	Howrah Trading Co., Ltd., 8/A, Beniatola Lane, Harrison Road, Calcutta
Gurmukhrai Radhakrishna, 161/1, Harrison Road, Calcutta.	Hukumchand Electric Steel, Co., Ltd., 30, Clive Street, Calcutta.
H	Hukumchand Insurance, Co., Ltd., 30, Clive Street, Calcutta.
Hajee Habib Hajee Pirmohamed, 25, Amratola Street, Calcutta.	Hukumchand Jute Mills, Ltd., 30, Clive Street,
Hajeebhoy Aden Salt Works, Ltd., 12, Dalhousie Square, Calcutta.	Hukumchand Life Assurance Co., Ltd., 30, Clive Street, Calcutta.
Harivallabhdas Kalidas, 5, Lucas Lane, Calcutta.	Hurisingh Nehalchand, 48, Gariahat Road, Ballygunge, Calcutta.
Hassam Premjee, 29/1, Armenian Street, Calcutta.	I
Himalaya Assurance Co., Ltd., The Central Avenue (South) Calcutta.	India Chemical & Pharmaceutical Industries, 188, Manicktolla Main Road, Calcutta.
Himatsingka, Timber Ltd., 6, Old Post Office Street, Calcutta.	India Electric Works, Ltd., The 25, South Road, Entally P. O., Calcutta.
Hindu (Madras), The Grosvenor House, 21, Old Court House Street, Calcutta.	Indian Globe Insurance Co., Ltd., The 135, Canning Street, Calcutta.
Hindusthan Construction Co., Ltd., Natore Park, Ballygunge, P. O. Tiljala, Calcutta.	Indian Hume Pipe Co., Ltd., Natore Park, Ballygunge, P. O. Tiljala, Calcutta.
Hoosen Kasam Dada, 26, Amratolla Street, Calcutta.	

Indian National Airways, Ltd., 9, Clive Street, Calcutta.	Jhunjhunwalla, Jagannath 7, Lyons Range, Calcutta.
Indian Shipping Co., Ltd., The 8, Royal Exchange Place, Calcutta.	Jiyajeerao Cotton Mills, Ltd., 8, Royal Exchange Place, Calcutta.
Indian Stores & Agency Co., Mercantile Buildings, Calcutta.	Joharmull Gambhirmull, 30, Clive Street, Calcutta.
Indra Singh, Proprietor, Indian Steel and Wire Products, E. I. Ry. Works P. O., (Tatanagar).	Juggilal Kamlapat, Saharanmull, Cawnpore, U. P.
Industrial and Prudential Assurance Co., Ltd., The 12, Dalhousie Square, Calcutta.	Jupiter General Insurance Co., Ltd., The 15, Clive Street, Calcutta.
Ispahani M. M., 51, Ezra Street, Calcutta.	Jute and Gunny Brokers, Ltd., 8, Royal Exchange Place, Calcutta.
	Jute Investment Co., Ltd., 8, Royal Exchange Place, Calcutta.
J	
Jaitha, Moolji & Co., 15, Clive Street, Calcutta.	K
Jaitha, Pranjivan, 48, Ezra Street, Calcutta.	
Jankidas Sewnarayan, 48, Canning Street, Calcutta.	Kalyanji Mavji & Co., Industry Colliery, Jharia (Manbhum).
Jankidas Subhkaran, 29|1, Armenian Street, Calcutta.	Kamla Mills Ltd., 42|1, Strand Road, 145, Mukhtaram Babu St., Calcutta.
Jhagrakhand Colliery Co., 48, Gariahat Road, Ballygunge, Calcutta.	Kanoria & Co., Ltd., 8, Royal Exchange Place, Calcutta.
Jitanram Nirmalram, 26, Burtolla Street, Calcutta.	K. P. V. Shaikh Mohamed Rowthar, 109, Angappa Naick Street, Madras.
	Kassim & Ismael, 5|2, Garstin Place, Calcutta.

The Kathiawar Ghee Merchants Association, C/o Dr. H. A. Pallana, 14, Roopchand Roy Street, Calcutta.	L Lakshmi Insurance Co., Ltd., 7, Esplanade East, Calcutta.
Kedarnath Khandelwal & Co., C/o. Calcutta Stock Exchange Association, 7, Lyons Range, Calcutta.	Loyalka, G. D. & Co., 7, Lyons Range, Calcutta.
	M
Keshavji & Co., 48, Ezra Street, Calcutta.	Mafatlal Gagalbhai, 11, Clive Street, Calcutta.
Kesoram Cotton Mills, Ltd., 8, Royal Exchange Place, Calcutta.	Mahaliram Ramjeedas, 21, Rupchand Ray Street, Calcutta.
Khaitan, Debi Prasad, 8, Royal Exchange Place, Calcutta.	Maneklal & Co., 7, Lyons Range, Calcutta.
Khandelwal, H. P. & Co., 6, Old Post Office Street, Calcutta.	Mehta, S. D. & Co., Ltd., Jharia, (Manbhum).
Kharwar, B. M., Bangur Building, 161|1, Harrison Road, Calcutta.	Mepa, Madhavjee, Kosonda & Nayadee Collieries, P. O. Kusunda, (Manbhum).
Khas Jharia Colliery Co., (1933) Ltd. Jharia P. O., (Manbhum.)	Modi, R. K., 23, Canning Street, Calcutta.
Khatau, Jethabhai & Co., 13, Narian Babu Lane, Calcutta.	Mohamed, C. A., 15, Synagogue Street, Calcutta.
Khimjee, Jivandas, 165, Lower Chitpur Road, Calcutta.	Mohini Mills, Ltd., The Kushtia Bazar P. O., Nadia.
Kumararajah Muthiah Chettiar of Chettinad, B.A., M.L.C., Natana Vilas, Vepery, Madras.	Moolji Girdhardas & Co., 5, Noormul Lohia Lane, Calcutta.
	More, Ramsahaimull, 7|G, Clive Row, Calcutta.

Motilal Radhakissan, 67|28, Strand Road, Calcutta.	Oriental Government Security Life Assurance Co., Ltd., The 2|3, Clive Row, Calcutta.
Murarka & Sons, Ltd., 10, Clive Row, Calcutta.	Oosman, Adam, 8, Balai Dutt Street, Calcutta.
N	P
Narbheram & Co., Jamshedpur. Via Tatanagar,	Pabna Silpa Sanjibani Co., Ltd., Pabna (E. B. Railway) N. Bengal.
Naresh Nath Mookerjee, 29, Beniapooker Road, Calcutta.	Pashari, Nandlal, 155|B, Mukhtaram Babu Street, Calcutta.
Narottam, Ltd., 100, Clive Street, Calcutta.	Pathak, Purshottam, J., C/o. Messrs. Jeewanlal (1929) Ltd., 101, Clive Street, Calcutta.
The National Cement, Mines and Industries Ltd., 10, Clive Row, Calcutta.	Pioneer Match Factory, 74, Cross Street, Calcutta.
National Fire & General Insurance Co., Ltd., 7, Council House Street, Calcutta.	Pragdas Mathuradas, 43, Strand Road, Calcutta.
National Insurance Co., Ltd., 7, Council House Street, Calcutta.	Pragdas Girdhardas, 43, Strand Road, Calcutta.
New India Assurance Co., Ltd., The 9, Clive Street, Calcutta.	Prushottam Mathradas & Co., Ltd., 33|B, Ezra Street, Calcutta.
O	Punjab National Bank, Ltd., The 135-136, Canning Street, Calcutta.
Ojha, A. L. & Co., Ltd., A3, Clive Buildings, 8, Clive Street, Calcutta.	R
Ojha, N. H. & Co., Ltd., 37, Canning Street, Calcutta.	Ramdutt Ram Kissandas Goenka House, 145, Mooktaram Babu Street, Calcutta.

Radhakissen Santhalia, 65, Pathuriaghata Street, Calcutta.	Shree Hanuman Jute Mills, Ltd., 61, Harrison Road, Calcutta.
Ramkumar Kejriwal & Co., 7, Lyons Range, Calcutta.	Sindhi Merchants' Assocn., 7|1C, Lindsay Street, Calcutta.
Ramdhandas Jhajharia, 138, Harrison Road, Calcutta.	Soorajmull Nagarmull, 61, Harrison Road, Calcutta.
Ramprosad Murlidhar & Co., 14, Clive Street, Calcutta.	Star Printing Works, 30, Shibnarain Das Lane, Calcutta.
Rohtas Industries Ltd., P. O. Dalmianagar, (Shahabad).	Sunderdas Thackersey & Bros., 37, Armenian Street, Calcutta.
Ruby General Insurance Co., Ltd., 8, Royal Exchange Place, Calcutta.	T
Ruttonjee Bomanjee & Co., 24, Strand Road, Calcutta.	Tarachand Ghanshyamdas, Seth Wallace House, 4, Bankshall Street, Calcutta.
S	Tata Iron & Steel Co., Ltd., The Agent's Office, 100, Clive Street, Calcutta.
Sadhuram Tularam , 122, Old Ghusery Road, Ghusery, Howrah.	Tata Sons, Ltd., Bombay House, Bruce Street, Fort, Bombay.
Saraogi, Devadutta & Son, 1|1, Pollock Street, Calcutta.	Tatanagar Foundry Co., Tatanagar, (B. N. Ry.)
Sen & Pandit, Mercantile Buildings, Lal Bazar Street, Calcutta.	Thacker, D. D., (Rao Bahadur), Post Box No. 159, Jharria.
Sir Sarupchand Hukumchand & Co., 30, Clive Street, Calcutta.	Thakorlal Hiralal & Co., 9, Dalhousie Square, Calcutta.
Scindia Steam Navigation Co., Ltd., The 100, Clive Street, Calcutta.	Thapar, Karamchand & Bros., Ltd., 5, Royal Exchange Place, Calcutta.

U	V
United Oil Co. (India) Ltd., 10, Canning Street, Calcutta.	Vasanji Topan Madhowji & Co., 51, Portuguese Church Street, Calcutta.
Universal Fire & General Insurance Co., Ltd., The 135, Canning Street, Calcutta.	Vulcan Insurance Co., Ltd., 135, Canning Street, Calcutta.
Upper Ganges Sugar Mills, Ltd., 8, Royal Exchange Place, Calcutta.	<div data-bbox="800 351 836 375">W</div> Western India Oil Distributing Co., Ltd., P12, Mission Row extension, Mission Court, Calcutta.

CLASSIFIED LIST OF MEMBERS OF THE INDIAN
CHAMBER OF COMMERCE, CALCUTTA.
1938.

Railways.

(1) East Indian Railway; (2) Eastern Bengal Railway; (3) Bengal Nagpur Railway.

Banks.

(1) Central Bank of India, Ltd.; (2) Bank of India, Ltd.; (3) Punjab National Bank, Ltd.; (4) Rai Budh Singh Bahadur; (5) Jitanram Nirmalram; (6) Motilal Radhakissan.

Insurance Companies

(1) Oriental Government Security Life Assurance Co., Ltd.; (2) New India Assurance Co., Ltd.; (3) National Insurance Co., Ltd.; (4) Empire of India Life Assurance Co., Ltd.; (5) Jupiter General Insurance Co., Ltd.; (6) Vulcan Insurance Co., Ltd.; (7) Universal Fire and General Insurance Co., Ltd.; (8) Himalaya Assurance Co., Ltd.; (9) British India General Insurance Co., Ltd.; (10) Hukumchand Insurance Co., Ltd.; (11) Lakshmi Insurance Co., Ltd.; (12) Industrial and Prudential Insurance Co., Ltd.; (13) Indian Globe Insurance Co., Ltd.; (14) Asian Assurance Co., Ltd.; (15) Eastern Federal Union Insurance Co., Ltd.; (16) Concord of India Insurance, Co., Ltd.; (17) Bharat Insurance Co., Ltd.; (18) Ruby General Insurance Co., Ltd.; (19) Rai Budh Singh Bahadur; (20) Abdoolabhoy Lalljee & Co.; (21) Soorajmull Nagarmull.

Cotton Mills & Hosiery Manufacturers.

(1) Kesoram Cotton Mills Ltd.; (2) Mohini Mills Ltd.; (3) Jiyajeerao Cotton Mills Ltd.; (4) Birla Cotton Spg. & Wvg. Mills; (5) Bangodaya Cotton Mills Ltd.; (6) Harivallabha Das Kalidas, Managing Agents, Ambica Mills Ltd., Ahmedabad; (7) Sir Sarupchand Hukumchand & Co., Managing Agents, Hukumchand Cotton Mills Ltd. Indore; (8) Tata Sons Ltd., Bombay, Managing Agents, Empress Cotton Mills Ltd., Nagpur; (9) Juggilal Kamlapat, Managing Agents, Juggilal Kamlapat Spg. & Wvg. Mills, Cawnpore; (10) Basanti Cotton Mills, Ltd.; (11) Pabna Silpa Sanjibani; (12) Sadhuram Tularam; (13) Kamla Mills Ltd.

Jute Mills.

(1) Birla Jute Manufacturing Co., Ltd.; (2) Hukumchand Jute Mills Ltd.; (3) Gagalbhai Jute Mills, Ltd.; (4) Adamjee Jute Mills, Ltd.; (5) Shree Hanuman Jute Mills, Ltd.; (6) Juggilal Kamlapat.

Metal Manufacturers and Foundry Engineers.

(1) Tata Iron & Steel Co., Ltd.; (2) Godrej & Boyce Manufacturing Co.; (3) Hukumchand Electric Steel Co., Ltd.; (4) Indra Singh, Proprietor, Indian Steel & Wire Products; (5) Baldeo Singh; (6) Tatanagar Foundry Co.; (7) Purshottam J. Pathak; (8) B. B. Herman & Mohta Ltd.

Metal Merchants.

(1) Pragdas Mathuradas; (2) Pragdas Girdhardas.

Hardware Merchants.

(1) Anandji Haridas & Co., Ltd.; (2) Das Bros.; (3) Joharmull Gambhirmull; (4) Sen & Pandit.

Accountants & Auditors.

(1) S. R. Batliboi & Co.; (2) Batliboi & Purohit; (3) S. B. Dandekar & Co.; (4) H. P. Khandelwal & Co.

Produce Merchants.

(1) Gangjee Sajun & Co.; (2) Daulatram Rawatmull; (3) Hoosen Kassam Dada; (4) Jeewandas Khimjee; (5) Hajee Habib Hajee Pirmohamed; (6) A. H. P. Essack; (7) Gilooram Gaurishankar; (8) Murarka & Sons, Ltd.; (9) Sen & Pandit.

Glass Manufacturers.

(1) Bharat Glass Works, Ltd.

Match Manufacturers.

(1) C. A. Mohamed; (2) Adamjee Hajee Dawood & Co., Ltd.; (3) Abdoolabhoy Lalljee & Co.; (4) Pioneer Match Factory.

Potteries and Pipe Manufacturers.

(1) Bengal Potteries, Ltd.; (2) Behar Firebricks & Potteries Ltd.; (3) Indian Hume Pipe Co., Ltd.

Hides and Skin Merchants.

(1) M. M. Ispahani, Ltd.; (2) Sen & Pandit.

Salt Trade.

(1) Kassim & Ismael; (2) Hoosen Kassam Dada; (3) Hajeebhoy Aden Salt Works, Ltd.; (4) Abdoolabhoy Lalljee & Co.

Coal Mining and Trade.

(1) Amritlal Ojha & Co., Ltd.; (2) Rao Bahadur D. D. Thacker (3) Karamchand Thapar & Bros., Ltd.; (4) Dalchand Bahadur Singh; (5) Khas Jharia Colliery Co., (1933) Ltd.; (6) Madhavji Mepa; (7) Maneklal & Co.; (8) N. H. Ojha & Co., Ltd.; (9) S. D. Mehta & Co., Ltd.; (10) Bhugat Singh Bugga & Co.; (11) Jhagrakhand Colliery Co.; (12) Kalyanji Mavji & Co.

Mica Mining.

(1) Babulal & Co., Ltd.; (2) Sen & Pandit.

Jute and Gunny Merchants.

(1) Soorajmull Nagarmull; (2) Adamjee Hajee Dawood & Co., Ltd.; (3) R. K. Modi; (4) Hanuman Prosad Bagaria; (5) Ramsahaimull More; (6) Kanoria & Co., Ltd.; (7) Hurising Nehalchand; (8) Karamchand Thapar & Bros., Ltd.; (9) G. D. Loyalka & Co.; (10) Birla Bros., Ltd.; (11) Sir Sarupchand Hukumchand & Co.; (12) Ramprasad Murlidhur & Co.; (13) Jute Investment Co., Ltd.; (14) Abdoolabhoy Lalljee & Co.; (15) Daulatram Rawatmull; (16) Ramdutt Rakissendas.

Jute Baling.

(1) Hurisingh Nehalchand; (2) Soorajmull Nagarmull; (3) R. K. Modi; (4) Daulatram Rawatmull; (5) Calcutta Jute manufacturing Co.; (6) Ramdutt Ramkissendas.

Ginning and Pressing Factories

Juggilal Kamlapat.

Cotton, Piece-goods and Yarn Merchants.

(1) Birla Bros., Ltd.; (2) Sir Sarupchand Hukumchand & Co.; (3) Chimanlal Vadilal & Co.; (4) Moolji Jaitha & Co.; (5) Anandram Gajadhar; (6) Nandlal Pashari; (7) Tarachand Ghanshyamdas; (8) Sunderdas Thackersay & Bros.; (9) Vasanji Topan Madavji & Co.; (10) Moolji Girdhardas; (11) B. M. Kharwar; (12) Daulatram Rawatmull; (13) R. K. Bhuwalka; (14) Girdharilal Laxminarayan; (15) Keshavji & Co.

Rice Mills and Trade

(1) Gangjee Sajun & Co.; (2) Moolji Jaitha & Co.; (3) Abdoolabhoj Lalljee & Co.; (4) Keshavji & Co.

Flour Mills and Trade

(1) Howrah Flour Mills, Ltd.; (2) Kassim & Ismael.

Oil Mills and Trade.

(1) Hoosen Kassam Dada; (2) Western India Oil Distributing Co., Ltd.; (3) Juggilal Kamlapat; (4) United Oil Co., (India) Ltd.

Paper Mills.

(1) Rohtas Industries Ltd.

Journals.

(1) The Hindu (Madras); (2) Sen & Pandit.

Cinema Industry.

(1) Dossani Film Corporation.

Pharmaceutical Works.

(1) Bengal Chemical & Pharmaceutical Works, Ltd.; (2) Alembic Chemical Works, Co., Ltd.; (3) Daulatram Rawatmull; (4) India Chemical & Pharmaceutical Industries.

Share and Stock, Jute and Gunny, Exchange Brokers.

(1) G. D. Loyalka & Co.; (2) Ramkumar Kejriwal; (3) Kedar-nath Khandelwal & Co.; (4) Hanuman Prasad Bagaria; (5) Jute and Gunny Brokers, Ltd.; (6) P. G. Abraham; (7) Ramdev Chokhany; (8) Soorajmull Mohta & Co.

Shipping Companies

(1) Scindia Steam Navigation Co., Ltd.; (2) Indian Shipping Co., Ltd.; (3) R. K. Modi.

Building Engineers.

(1) Hindusthan Construction Co., Ltd.; (2) S. K. Gupta; (3) B. R. Herman and Mohatta Ltd.

Stevedore and Transport Agencies.

(1) Garage (Calcutta) Ltd.; (2) Ruttonjee Bomanjee & Co.; (3) K. P. V. Shaik Mohamed Rowther; (4) Narottam, Ltd.; (5) Bengal Bus Syndicate; (6) Anandji & Co.; (7) G. D. Daga & Co.

Air Transport.

Indian National Airways, Ltd.

Kirana Merchants.

(1) Jankidas Subhkaran; (2) Jankidas Sewnarayan; (3) A.H.P. Essack.

Timber Merchants.

(1) Himatsingka Timber Ltd.; (2) Motilal Radhakissan.

Tea.

(1) All India Tea & Trading Co., Ltd.; (2) Gopalpur Tea Co., Ltd.; (3) Abdoolabhoy Lalljee & Co.; (4) G. P. Chaliha; (5) Keshavji & Co.

Jewellers and Diamond Merchants.

Thakorlal Hiralal & Co.

Printing Press.

Star Printing Works.

Paint, Varnish and Road Surfacers.

(1) Murarka & Sons, Ltd.; (2) Alembic Chemical Works Co., Ltd.

Oil Distributors

(1) Western India Oil Distributing Co., Ltd.; (2) Murarka & Sons, Ltd.; (3) Juggilal Kamlapat; (4) G. D. Daga & Co.; (5) United Oil Co. (India) Ltd.

Soap and Toilet Manufacturers.

(1) Mira; (2) Alembic Chemical Works Co., Ltd.; (3) Daulatram Rawatmull.

Sugar Mills.

(1) Bharat Sugar Mills, Ltd.; (2) Juggilal Kamlapat; (3) Daulatram Rawatmull; (4) Upper Ganges Sugar Mills, Ltd.; (5) Murarka & Sons, Ltd.; (6) Anandram Gajadhar; (7) Soorajmull Nagarmull; (8) Rohtas Industries Ltd.

Sugar Trade.

(1) Anandram Gajadhar; (2) Soorajmull Nagarmull; (3) Gurmukhrai Radhakrishna.

Mill-Stores Suppliers.

(1) Das & Co.

Lime Manufacturers

(1) The Associated Cement Co., Ltd.; (2) National Cement Mines and Industries Ltd.

Cement Manufacturers.

- (1) Rohtas Industries, Ltd.

Ghee Merchants

- (1) Kathiawar Ghee Merchants Association.

Ice and Aerated Water Manufacturers.

- (1) Carlsbad Mineral Water Manufacturing Co.; (2) Juggilal Kamlapat; (3) Byron & Co.

Tanneries.

- (1) Calcutta Tanneries, Ltd.

Electricals.

- (1) Devadutt Saraogi & Son; (2) The India Electric Works, Ltd.; (3) Anandram Gajadhar; (4) Bengal Potteries, Ltd. (5) Howrah Trading Co., Ltd.

General Merchants.

- (1) Birla Brothers, Ltd.; (2) Sir Sarupchand Hukumchand & Co.; (3) Amritlal Ojha & Co., Ltd.; (4) Gangjee Sajun & Co.; (5) Tarachand Ghanshyamdas; (6) Hurisingh Nehalchand; (7) R. K. Modi; (8) Mafatlal Gagalbhai; (9) Messrs. S. K. Chakravarti Ltd.; (10) Juggilal Kamlapat; (11) Purushotam Mathuradas & Co., Ltd.; (12) Thakorlal Hiralal & Co.; (13) S. K. Gupta; (14) Mahaliram Ramjeedas; (15) Ladha Singh Bedi & Sons; (16) Hassam Premjee; (17) Indian Stores & Agency, Co.; (18) Narbheram & Co.; (19) Radhakissen Santhalia; (20) Ramkumar Kejriwal; (21) Sen & Pandit; (22) Heeralal Agarwala & Co.; (23) M. A. Muthia Chettiar; (24) Pragdas Mathradas; (25) Dinshaw & Sorabjee; (26) Calcutta Jute Manufacturing Co., Ltd.; (27) Budridas Fulchand; (28) Kripalani Bros.; (29) Das & Co.; (30) Gurmukhrai Radhakrisna; (31) Pranjivan Jaitha; (32) Daulatram Rawatmull; (33) Hajee Habib Hajee Pirmohamed; (34) Naresh Nath Mukherjee; (35) Carlsbad Mineral Water Manufacturing Co., Ltd.; (36) C. Parakh & Co.; (37) R. K. Bhuwalka; (38) Jagannath Jhunjhunwalla; (39) Sindhi Merchants' Association; (40) Anandram Gajadhar; (41) Debi Prasad Khaitan; (42) Sadharam Tularam; (43) B. M. Kharwar; (44) Shree Hanuman Jute Mills; (45) G. D. Dagu & Co.; (46) Girdharilal Lakshminarayan; (47) Howrah Trading Co., Ltd.; (48) Jitanram Nirmalram; (49) Ramdutt Ramkissendas.
-

**List of Bodies Affiliated to The Indian Chamber of
Commerce, Calcutta, 1938.**

1. Indian Sugar Mills Association,
135, Canning Street, Calcutta.
 2. Jute Balers Association,
5, Royal Exchange Place, Calcutta.
 3. Indian Produce Association,
402, Upper Chitpore Road, Calcutta.
 4. East India Jute Association,
2, Royal Exchange Place, Calcutta.
 5. Calcutta Rice Merchants' Association,
29|1, Armenian Street, Calcutta.
 6. Calcutta Kirana Association,
28, Amratolla Street, Calcutta.
 7. Gunny Trades Association,
7-G, Clive Row, Calcutta.
 8. Indian Tea Merchants' Association,
12, Portuguese Church Street, Calcutta.
 9. The Marwari Rice Mills Association,
1|2, Chetlah Road, Tollygunj, Calcutta.
 10. Sindhi Merchants' Association,
7|1-C, Lindsay Street, Calcutta.
 11. Indian Colliery Owners Association,
Jharia, (Manbhum).
 12. Indian Coal Merchants' Association,
Jharia, (Manbhum).
 13. Indian Insurance Companies Association,
135, Canning Street, Calcutta.
 14. Shareholders' Association,
135, Canning Street, Calcutta.
 15. Indian Chemical Manufacturers Association,
135, Canning Street, Calcutta.
-

Presidents of the Indian Chamber of Commerce, Calcutta.

Mr. G. D. Birla—1925-26.

Mr. G. D. Birla—1927.

Mr. D. P. Khaitan—1928 (Upto April 1928).

Mr. Faizulla Gangjee—1928 (From April 1928).

Mr. Faizulla Gangjee—1929.

Mr. D. P. Khaitan—1930.

Mr. S. K. Bhatler—1931.

Mr. S. K. Bhatler—1932.

Mr. A. L. Ojha—1933.

Mr. A. L. Ojha—1934.

Mr. Kanai Lal Jatia—1935.

Mr. B. M. Birla—1936.

Mr. Mohanlal Lalluchand Shah—1937.

Sir A. R. Dalal, Kt.—1938.

Mr. G. L. Mehta—1939.

Secretaries.

K. M. Purkayastha—(1925-1926).

M. P. Gandhi—(1926-1936).

S. R. Dhadda—(1936—).

Representatives on Various Public Bodies.

Representative of the Chamber in the Bengal Legislative Assembly.

Mr. D. P. Khaitan.

Representative of the Chamber on the Calcutta Port Commissioners.

Mr. Faizulla Gangjee.

Representative of the Chamber on the Indian Central
Jute Committee.

Mr. S. K. Bhattar.

Representative of the Chamber on the Bengal Nagpur
Railway Advisory Committee.

Mr. K. L. Jatia.

Representative of the Chamber on the East Indian
Railway Advisory Committee.

Mr. M. L. Shah.

Representative of the Chamber on the Eastern Bengal
Railway Advisory Committee.

Mr. J. Chakravarty.

Representatives of the Chamber on the Commercial Panel of the
Railway Rates Advisory Committee.

1. Mr. G. L. Mehta.
 2. Mr. A. L. Ojha.
 3. Mr. D. P. Khaitan.
 4. Mr. Faizulla Gangjee.
 5. Mr. M. L. Shah.
-

Representative of the Chamber on the Board of
Apprenticeship Training.

Mr. M. G. Bhagat.

Representative of the Chamber on the Board of
Economic Enquiry, Bengal.

Mr. A. L. Ojha.

Representative of the Chamber on the Traffic Advisory Board.

Mr. K. N. Khandelwal.

Representative of the Chamber on the Government
Commercial Institute Board.

Mr. N. L. Puri.

Representative of the Chamber on the Visiting Committee of the
Medical College Group of Hospitals.

Mr. M. L. Shah.

Representative of the Chamber on the Visiting Committee of the
Campbell Group of Hospitals.

Mr. K. L. Jatia.

Representative of the Chamber on the Board of Scientific
Research for Bengal.

Mr. A. L. Ojha

Representative of the Chamber on the Provincial Advisory Board
on Indian Forest Utilisation for Bengal.

Mr. P. D. Himatsingka

Representative of the Chamber on the Bengal Smoke
Nuisance Commission.

Mr. M. G. Bhagat.

Representative of the Chamber on the Committee of Management of
Government Weaving Institute, Serampore.

Mr. B. D. Bhatler.

Representative of the Chamber on the Advisory Board of the
Combined Commercial Museum and Health Publicity
Section of the Calcutta Corporation.

Mr. Kassim A. Mohamad.

Representatives of the Chamber who attended the Informal Quarterly
Meetings between the Railways and Chambers of
Commerce at Calcutta.

17th—Mr. D. P. Khaitan.

18th—Mr. G. L. Mehta.

19th—Mr. G. L. Mehta.

Committee of the Chamber for the year 1939

President.

Mr. G. L. Mehta.

Senior Vice-President.

Mr. N. L. Puri.

Vice President.

Mr. R. L. Nopany.

Ordinary Members.

Mr. L. N. Birla.

Mr. D. P. Khaitan.

Mr. D. Khaitan.

Mr. K. L. Jatia.

Mr. M. L. Shah.

Lala Karamchand Thapar.

Mr. A. L. Ojha.

Mr. K. M. Naik.

Mr. Faizulla Gangjee.

Mr. Kassim A. Mohamed.

Mr. B. D. Bhattar.

Mr. Pranjivan Jaitha.

Mr. K. P. Goenka.

Mr. Bahadur Singh Singhi.

Mr. M. G. Bhagat.

The Hon'ble Mr. S. K. Sinha.

Mr. Debes Chandra Ghosh.

Mr. Mangtooram Jaipuria.

Mr. S. R. Dhadda (Secretary).

*Proceedings of the 13th Annual General Meeting of the Indian
Chamber of Commerce, Calcutta, held on Monday the
27th February, 1939 at 4-30 P.M.*

1. The Thirteenth Annual General Meeting of the Chamber was held on Monday the 27th February, 1939 at 4-30 P.M., at the office of the Chamber to transact the following business:—

1. To adopt the Report of the Committee of the Chamber and the audited Statement of Accounts for the year 1938.
2. To elect the President, Vice-Presidents and Ordinary Members of the Committee for the year 1939.
3. To confirm the election of the members of the Chamber provisionally elected by the Committee under Art. 9 of the Articles of Association.
4. To appoint Auditors for the year 1939.
5. To confirm the alterations made by the Committee in Rule XIX of the Rules of the Tribunal of Arbitration of the Chamber substituting the words "three months" for the words "thirty days" being the time within which a court of arbitrators is to make award.
6. To amend Article 42(b) of the Articles of Association of the Chamber in the following manner.

"Delete the words" to appoint any departmental committees or sub-committees of the members of the Committee of the Chamber "and insert in their place" to Appoint any departmental committee or sub-committee consisting of the members of the committee of the Chamber which may include representatives of affiliated bodies."

P R E S E N T :

SIR A. R. DALAL (IN THE CHAIR)

Names	Representatives of:
Sir A. R. Dalal Kt.	.. Messrs. Tata Iron & Steel Co., Ltd.
Mr. D. P. Khaitan	.. Mr. Debi Prasad Khaitan.

Names	Representatives of:
Mr. B. M. Birla	{ Messrs. Birla Brothers Ltd. Messrs. Birla Jute Mfg. Co., Ltd. Messrs. Jiyajeerao Cotton Mills Ltd. Messrs. Kesoram Cotton Mills Ltd. Messrs. Birla Cotton Spg. & Wvg. Mills Ltd.
Mr. L. N. Birla	{ Messrs. Jute & Gunny Brokers Ltd.
Mr. H. P. Kalyani	{ Messrs. Soorajmull Mohta. The Indian Shipping Co., Ltd. Messrs. Bharat Sugar Mills Ltd. Messrs. Upper Ganges Sugar Mills Ltd. Messrs. Jute Investment Co., Ltd. Messrs. Bengal Investment Co., Ltd. Messrs. Scindia Steam Navigation Co., Ltd.
Mr. G. L. Mehta	{ Messrs. Hindusthan Construction Co., Ltd.
Mr. R. L. Nopany	{ Messrs. Indian Hume Pipe Co., Ltd. Messrs. Daulatram Rawatmull.
Mr. Mohanlal L. Shah	{ Messrs. Chimanlal Vadilal & Co. Messrs. Mohini Mills Ltd.
Mr. A. L. Ojha	{ Messrs. Amritlal Ojha & Co., Ltd.
Mr. Faizulla Gangjee	{ Messrs. Gangjee Sajun & Co.
Mr. K. M. Naik	{ Messrs. National Insurance Co., Ltd. Messrs. National Fire & General Ins. Co., Ltd. Messrs. Bangodaya Cotton Mills.
Mr. B. D. Bhatler	{ Messrs. Sir Sarupchand Hukumchand & Co. Messrs. Hukumchand Jute Mills Ltd. Messrs. Hukumchand Electric Steel Co., Ltd. Messrs. Hukumchand Insurance Co., Ltd. Messrs. Hukumchand Life Assurance Co., Ltd.
Mr. J. P. Goenka	{ Messrs. Ramdutt Ramkissendas.
Mr. J. R. K. Modi	{ Messrs. Kamla Mills Ltd.
Mr. M. G. Bhagat	{ Messrs. R. K. Modi. Messrs. Bengal Potteries Ltd.
Mr. Bahadur Singh Singhi	{ Messrs. Dalchand Bahadur Singh. Messrs. Hurisingh Nehalchand. Messrs. Jhagrakhand Colliery.

Names	Representatives of:
Mr. Kassim A. Mohamed ..	Messrs. Kassim & Ismael.
Mr. M. R. Jaipuria ..	Messrs. Anandram Gajadhar.
The Hon'ble Mr. S. K. Sinha ..	Messrs. Tata Sons Ltd.
Mr. R. D. Chokhany ..	Messrs. Ramdev Chokhany & Sons.
Mr. N. N. Rakshit ..	Messrs. Tatanagar Foundry Co., Ltd.
Mr. S. S. Kothari ..	Messrs. Ruby General Insurance Co.
Mr. M. A. Aziz Ansari ..	Messrs. Eastern Federal Union Ins. Co.
Mr. B. P. Himatsingka ..	Messrs. Himatsingka Timber Ltd.
Mr. H. D. Vasudeva ..	<div style="display: inline-block; vertical-align: middle;"> <div style="font-size: 3em; vertical-align: middle; line-height: 1;">{</div> <div style="display: inline-block; vertical-align: middle;"> Messrs. Indian Globe Ins. Co., Ltd. Messrs. Vulcan Insurance Co., Ltd. Messrs. Universal Fire & General Ins. Co., Ltd. </div> </div>
Mr. Murlidhar Sonthalia ..	Messrs. Radhakissen Sonthalia.
Mr. A. C. Chatterjee ..	Messrs. Narottam Ltd.
Mr. S. S. Agarwal ..	Messrs. United Oil Co. (India), Ltd.
Mr. G. D. Daga ..	Messrs. G. D. Daga & Co.
Mr. R. G. Varma ..	<div style="display: inline-block; vertical-align: middle;"> <div style="font-size: 3em; vertical-align: middle; line-height: 1;">{</div> <div style="display: inline-block; vertical-align: middle;"> Messrs. Bharat Insurance Co., Ltd. Messrs. Calcutta Tanneries Ltd. </div> </div>
Mr. N. N. Chhotai ..	Messrs. Das & Co.
Mr. H. S. Sodhi ..	Messrs. Bengal Bus Syndicate.
Mr. R. K. Bhuwarka ..	Messrs. R. K. Bhuwarka & Co.
Mr. A. R. H. Sutter ..	Messrs. Abdul Razak Haji Abdul Suttar.
Mr. Mohamed Siddique ..	Messrs. Hoosen Kasam Dada.
Mr. Manicklal Binani ..	M/S. Pioneer Match Factory.
Mr. Aziz H. Laljee ..	Messrs. Abdollahoy Laljee & Co.
Mr. Gurusharan Lal ..	Messrs. Jitanram Nirmalram.
Mr. H. P. Khandelwal ..	Messrs. H. P. Khandelwal & Co.
Mr. G. A. Dossani ..	Messrs. Dossani Film Corporation.
Mr. S. B. Dandekar ..	Messrs. S. B. Dandekar & Co.
Mr. N. M. Medora ..	Messrs. British India General Insurance Co., Ltd.
Mr. M. A. Rahim ..	Messrs. Associated Cement Co., Ltd.
Mr. R. L. Patuck ..	Messrs. Godrej & Boyce Mfg. Co., Ltd.
Mr. R. N. Bhojnagarwalla ..	Messrs. Girdharlal Laxminarayan.

By Invitation.

Dr. John Matthai ..	Director General of Commercial Intelligence and Statistics.
Mr. P. S. Richardson ..	Vice-President, Bengal Chamber of Commerce Calcutta.
Mr. C. S. Rangaswami ..	Indian Finance Calcutta.
Mr. Shivalayak Ojha ..	Indian Produce Association.
Mr. H. P. Bagaria ..	Chairman, East India Jute Asso. Ltd.

The Secretary having read the notice convening the meeting Sir A. R. Dalal in moving the adoption of the Report of the Committee and the audited statement of the accounts of the Chamber for the year 1938 delivered the following Presidential address.

Mr. Gurusharanlal seconded the Resolution moved by the President and the Report and the Accounts were adopted unanimously.

Mr. M. G. Bhagat then moved the following resolution.

That the following persons be declared duly elected as members of the Committee of the Chamber for the year 1939 in accordance with the provisions of the Articles of Association of the Chamber and the bye-laws made thereunder:—

President.

Mr. G. L. Mehta.

Senior Vice-President.

Mr. N. L. Puri.

Vice-President.

Mr. R. L. Nopany.

*Ordinary Members of the
Committee*

Representing the interests of

Mr. A. L. Ojha	...	"Coal"
Mr. D. P. Khaitan	...	"Transport"
Mr. M. L. Shah	...	"Cotton & Cotton Manufactures"
Mr. K. L. Jatia	...	"Produce"
Mr. K. M. Naik	...	"Insurance"
Mr. Kassim A. Mohmad	...	"Salt & Chemicals"
Mr. L. N. Birla	..	"Jute and Jute Manufactures"
Mr. K. P. Goenka	...	"Finance"
Mr. Faizulla Gangjee	...	"Rice"
The Hon'ble Mr. S. K. Sinha	...	"Hardware & Engineering"
Mr. D. Khaitan	...	"Without reference to any specific interest."
Mr. B. D. Bhatler	...	
Lala Karamchand Thapar	...	
Mr. D. C. Ghose	...	

The Resolution was seconded by Mr. H. P. Khandelwal and passed unanimously.

Mr. Faizulla Gangjee then moved and Mr M. A. A. Ansari seconded the following resolution which was passed unanimously.

Resolution.—That the provisional election of the following members made by the Committee of the Chamber under provisions of Art. 9 of the Articles of Association be confirmed.

1. The National Cement, Mines & Industries Ltd.,
10, Clive Row, Calcutta.
- 2 Messrs. Ramdutt Ramkissandas, Goenka House,
145, Muktlaram Babu Street, Calcutta.

Messrs. S. B. Dandekar & Co., were appointed as Honorary Auditors of the Chamber for the year 1939 by a Resolution moved by Mr. M L. Shah and seconded by Mr. J. R. K. Modi.

Mr. R. L. Nopany then moved the following Resolution which was seconded by Mr. B. D. Bhattar.

That the alterations made by the Committee in Rule XIX of the Rules of the Tribunal of Arbitration of the Chamber substituting the words "three months" for the words "thirty days" being the time within which a Court of Arbitrators is to make award, be confirmed.

Mr. A. L. Ojha then moved the following Resolution which was seconded by Mr. Kassim A Mohamad.

That Article 42(b) of the Articles of Association of the Chamber be and is hereby amended in the following manner:—

"Delete the words "To appoint any departmental Committee or Sub-Committees of the members of the Committee of the Chamber" and insert in their place "To appoint any departmental Committee or Sub-Committees consisting of the members of the Committee of the Chamber which may include representatives of Affiliated Bodies."

Mr. G. L. Mehta, the incoming President moved a vote of thanks to Sir A. R. Dalal, the retiring President and in doing so made the following remarks.

The vote of thanks to the Chair was carried with acclamation.
The Meeting then terminated.

Address delivered by Sir A. R. Dalal, President, Indian Chamber of Commerce, Calcutta, at the Thirteenth Annual General Meeting of the Chamber held on Monday, the 27th February, 1939.

Gentlemen,

Before proceeding with the business of the meeting, it is my painful duty to refer to the sad and sudden death of His Excellency, Lord Brabourne. Within a very short time of his arrival in Bengal, His Excellency had endeared himself to all who came in touch with him by the charm of his manner, his transparent sincerity and statesmanship. His death is a severe loss to all of us and our sympathies go out to the Lady Brabourne in her bereavement.

2. I extend to you a cordial welcome to this Thirteenth Annual General Meeting of the Chamber. Ever since its formation towards the end of 1925. the Indian Chamber of Commerce has sought to represent the interests of the Indian mercantile community of this province and your presence here today is an eloquent testimony to the success which this organisation has achieved. We have met today to review the activities of the Chamber during another year of its existence. In doing so, I take the opportunity of making a few observations on certain outstanding features of the year.

3. When we look back upon the year 1938, the one feature which stands out prominently before us is the growing dependence of international as well as national trade and commerce on political factors, and the consequent uncertainty created in the economic sphere. After the short-lived boom of 1937, the year under review began with a setback, which was checked towards the latter half as a result of partial business recovery in the United States of America. Business conditions all the world over continue to be dominated by the trend of political events in Europe which vary from acute crisis to what may be described as moderate tension. In the light of such uncertainties, all long term views of business policy are rendered highly difficult, if not impossible. Another factor of great importance to which reference has been made in the past is the control and direction of international trade by the totalitarian states and to special measures adopted by them to regulate such trade. However much we may disagree with this tendency, it is certain that

the days of laissez-faire have gone for ever. The flow of international trade is no longer regulated by what the old economists considered to be the natural economic laws but is governed according to the plans and schemes of national government. It is, therefore, imperative that we must build our national economy on such sound lines as to be able to stand up against the new danger and to minimize the chances of frequent dislocation of trade as the result of political development outside.

4. It has become a common-place today to refer to India as an agricultural country, meaning thereby that she is destined by nature always to remain a producer of raw materials dependent for her requirements of manufactured articles on other countries. It is true that in a vast sub-continent like India, agriculture forms the main occupation of the people. But it does not follow that no effort should be made in this country to establish industries, whether large-scale or small, to supply the requirements of the people. We have before us examples of countries like U. S. A. and U.S.S.R. which, besides being large producers of agricultural crops, are also equally important as manufacturing countries. It is natural that those countries which produce large quantities of raw materials should also build up industries for utilising them and catering for the requirements of their people. India has served so long in the past as a market for foreign goods that her present efforts to develop her industries have come to be looked upon by some of the older manufacturing countries as a meance to their trade. I submit that this is a short-sighted view. The progress of Indian industries has come to stay and is bound to be accelerated. It is not likely to lead to a serious clash of interests with the agricultural elements or to a crisis in India's finances. To have a more reliable and assured home market for their produce is certainly more in the interests of the agriculturists themselves than an almost complete dependence upon the international market which has of late become a very uncertain and unreliable factor. The benefits which have accrued to the agriculturists as a result of the development of the textile and sugar industries are notable examples of the manner in which industrialisation has helped the cultivator. It is wrong to assume that such a development would inevitably lead to a stoppage of foreign trade ; it would only mean a change in its character and direction. The standard of living of the Indian people is so low at present that the achievement of a more balanced

economy and increasing industrialisation would lead in the long run to expansion of wealth, increase in India's consumption and, in consequence, of her international trade. With a higher standard of living, India is bound to purchase and consume more goods and of a more varied character than she has done in the past. In the words of Mr. Harold Butler in his last report submitted to the International Labour Conference "in the long run the raising of the standards of Eastern countries cannot fail to benefit Eastern and Western industries alike." Let not the Western countries, therefore, grudge India the little industrial progress that she has achieved.

5. The step taken during the course of the year by the Indian National Congress in collaboration with the various Provincial Governments in establishing a Planning Committee to survey and prepare the ground for the formulation of an All-India scheme for India's economic regeneration should be welcomed by us as a move in the right direction. If I may venture to offer a criticism, I may state that the questionnaire issued by the Planning Committee is beyond the scope of most individuals and will probably be found to be very difficult to tackle even by the Provincial Governments themselves. It might perhaps have been better if, instead of one comprehensive questionnaire, different questionnaires suited to individuals, industrial and commercial bodies and Governments, had been issued. The chief problem in this country is the extremely low purchasing power of the masses. The various popular Governments in the Provinces are happily conscious of the fact and I am glad to note that the achieving of a higher standard of living for the masses has been set in the forefront of the planning Committee's programme as the object and ideal of economic planning. An improvement in the standard of living and the purchasing power of the people is bound to provide a solid foundation for the expansion of Industry.

6. I am also glad to note that the Government of Bengal have appointed an Industrial Survey Committee under the able Chairmanship of Dr. John Mathai. The Committee includes one of our own members, Mr. A. L. Ojha. The commercial community in this province will await with considerable interest the findings of this Committee.

7. It is regrettable that during December and January last a drastic rate war broke out between the two Shipping Companies plying the Haj pilgrim traffic owing to the sudden and unilateral termination by the Mogul Line of the voluntary agreement which was arrived at through the good offices of the Hon'ble the Commerce Member of the Government of India. There was severe rate-cutting at the Ports including Calcutta and the rates were reduced, in some cases, to below 50% of the rates agreed at previously between the Companies. Apart from involving the Shipping Companies in severe loss, such rate-cutting also causes considerable confusion and inconvenience to the pilgrims themselves. The interests of pilgrims demand that better and greater facilities should be provided for them, and this can only be secured by healthy competition when the rates of fares are maintained at a stable and economic level. The Port Haj Committees which are concerned with the welfare of the pilgrims, the Hon'ble the Commerce Member and the Government also share this view and have, therefore, been anxious to prevent this undue and uneconomic competition. It is hoped that they will take some effective action without delay to this end.

8. While on this subject, I cannot help referring to the imperative need of the Government of India taking effective measures in order to assist and encourage the growth of Indian shipping in the coastal and overseas trade of the country. Commercial agreements with other countries like Great Britain and Japan should provide excellent opportunities for securing the expansion of Indian shipping in the overseas trade of the country. When British shipping, which is one of the oldest and most powerful industries in the world, has been receiving directly and indirectly the support of the Government and the country, an incipient industry in India is surely entitled to demand that its claims should receive adequate recognition especially because national shipping is a vital factor in any scheme of national defence and because of the importance of shipping receipts in the national balance of payments.

9. I understand that the question of the revision and renewal of the Indo-Burma (Trade Regulation) Order of 1937 is at present receiving the active consideration of the Government of India. The close association of India and Burma over a long period has established strong social and economic ties between the two countries.

The question of the regulation of Trade between them is, therefore, important not only from the point of view of the large volume of trade but also from the point of view of its repercussions on the welfare of a large number of Indians settled in Burma. It is therefore hoped that the Government of India will refer the whole question to a Conference including the representatives of the Indian mercantile community both here and in Burma, as on the occasion of the conclusion of the existing arrangement. It is very unfortunate that the relations between Indians and Burmans in Burma should be so badly strained. India can have nothing but sympathy for the legitimate aspirations of Burma. Indians in Burma only desire that they should be able to carry on their legitimate avocations in peace and I trust that the Government of India will see that Indian life and property, which has recently been exposed to serious danger there, is adequately protected.

10. A Bill to make further provision for safety in coal mines, the principal feature of which is sand-stowing is now before the Central Assembly. It is felt that the technical aspect of sand-stowing requires to be thoroughly examined by experts and that the rushing in of legislation before the problem has been carefully examined in all its aspects is premature and likely to lead to difficulties in the future.

11. An important event in Bengal during the last year was the conclusion of the voluntary agreement among the Jute Mills. I had occasion to refer to the Jute Industry during the course of my remarks at one of the Quarterly Meetings during the year and I had then expressed the hope that the Industry would itself come to an agreed settlement and do away with the necessity of Government interfering in its affairs by recourse to legislative measure when the Jute Ordinance expired. I am now glad to be able to note that a working agreement has been arrived at between the manufacturers and the Government of Bengal have also withdrawn the Jute Ordinance. Perhaps you may be aware that two of our ex-Presidents, Mr. G. D. Birla and Mr. D. P. Khaitan were largely instrumental in bringing about the agreement. It is hoped, Gentlemen, that with this agreement as an accomplished fact, the Jute Industry may now look forward to more stable and prosperous conditions.

12. While I have nothing but admiration for the manner in which the different Provincial Governments have initiated measures for amelioration of the condition of the poorer classes, I am constrained to sound a note of warning against undue haste in undertaking measures of far-reaching social and economic importance. I find, for instance, that the Government of Bengal has a Money-Lender's Bill on its Agenda; which, as modified by the Select Committee, seems to me not only to contravene some of the provisions of existing Acts but is highly detrimental to the general interests of business in the far-reaching scope of its provisions and is bound to give rise to the utmost difficulty in actual practice. I sincerely trust that the Government of Bengal will see the wisdom of undertaking important changes in the measure, after taking the commercial community into its confidence so that a really practical and useful piece of legislation may be evolved.

13. Similarly, we have full sympathy with the efforts of the different Provincial Governments to improve the hard conditions under which a number of poor people work in shops and similar concerns, but the Shop Hours Bills, which more than one province is contemplating, also require careful scrutiny so as not to make them unduly restrictive in their operation or unduly hard on the various traders and business-men, many of whom work on a limited margin of profit.

14. A more important question of policy, far-reaching in its financial implications, arises in connection with measures which the Congress Governments have been taking in their efforts to bring about prohibition. There will always be two opinions on this highly controversial question. The utmost caution is required to see that, in their effort to bring about a far-reaching social and moral change, crores of public revenue so urgently needed for every form of nation building activity are not sacrificed for an experiment which may ultimately prove to be a failure, as it has done in many other countries. Eradication of the drink evil requires sustained moral and social effort over a long period of time and is difficult of attainment within a limited period such as two or three years. If, in an attempt to bring about the result in such a short space of time, large revenues are sacrificed, and extraordinarily heavy burdens imposed on people, many of whom have never touched drink in their life,

the financial structure of the provinces may receive a shock from which it may find difficult to recover. The harmful effects of such a policy may outweigh any good which it is meant to produce. Moderation in the suppression of drink is as necessary as moderation in its consumption.

15. The report of the work done by the Committee during 1938, which has already been circulated, will give you some idea of the many problems which your Committee had to tackle. The growing importance and prestige of your Chamber has naturally increased the work and responsibilities of your Committee. I am glad to inform you that during the course of the year, as a result of the initiative taken by certain members of the Chamber, in collaboration with others, an association of Chemical Manufacturers has been formed on an All-India basis. This association already comprises within its membership chemical concerns from different parts of India and is affiliated to our Chamber. The growing importance of the Chemical industry for a country like India cannot be over-emphasised. Besides large supplies of heavy chemicals for her industries and fertilisers to improve her crops, India also requires a continuous supply of medicinal preparations of standard strength and purity at cheap cost, for her vast population. The adulteration of drugs has assumed serious proportions and I understand that one of the first tasks to which the newly formed Indian Chemical Manufacturers' Association had addressed itself was to frame a complete draft bill which they have forwarded to the Government of India to form the basis of comprehensive legislation for checking the manufacture, import and sale of adulterated and spurious drugs. Let us hope that the Government of India will soon undertake this much-needed legislation to which they have now received the concurrence of the various Provincial Governments.

16. Before concluding, Gentlemen, I have one more duty to discharge which, in my case, becomes a personal obligation also. My duties elsewhere were likely to keep me so long away from Calcutta that I had begged your Committee to relieve me of my position, but they were good enough to insist upon my retaining it. I take this opportunity of thanking them for their patience and courtesy. During this year, the greater part of the burden of my office had to be borne, in his capacity as Vice-President, by Mr. G. L. Mehta, your incoming President. He has shouldered the responsibility with his

characteristic zeal and ability. I am deeply grateful to him and to the other Members of Committee for the valuable co-operation which I have received from all of them.

17. Your Secretary and his staff have also worked with conspicuous ability and industry, for which I express my appreciation and gratitude to them.

18. I thank you, gentlemen, for your patient hearing and have now the pleasure to move the adoption of the Report of the Committee for the year 1938 together with the audited statement of accounts which has already been circulated,

—————:O:—————

Speech delivered by Mr. G. L. Mehta, the incoming President, while moving a vote of thanks to Sir Ardeshir Dalal, the Retiring President, at the Thirteenth Annual General Meeting of the Indian Chamber of Commerce, Calcutta.

Gentlemen,

I have to propose a very hearty vote of thanks to our retiring President, Sir Ardeshir Dalal. He was Mr. Dalal when he began his term of office as President and is now Sir Ardeshir Dalal when he lays down the reins of office ; an honour which he rightly deserves for his services in the industrial, economic and administrative spheres. I feel it was no small achievement on our part to have dragged Sir Ardeshir Dalal from his elevated, if somewhat secluded, place in Tatas to be an office-bearer of this Chamber. In fact, the authorities of this Chamber were congratulated last year at the time of Sir Ardeshir's election to the Presidentship by more than one Journal, one of which observed that it would be a novel experience for a person like him who has shunned the limelight, to be the President of "a characteristically vociferous Chamber". I hope if the experience was novel it was, at any rate, not unpleasant and for our part we can say that the experience of working with Sir Ardeshir Dalal was an exceedingly pleasant one. But even if the experience was novel to him, as a friendly critic pointed out, these Civilians or ex-Civilians, if you please, are equal to any occasion. To know Sir Ardeshir is to respect him. While his keen insight and his wide experience have been of considerable help to the Chamber, his quiet dignity, his courtesy and patience have all made him an admirable Chairman at our Committee meetings. Sir A. R. Dalal, as you know, was in his previous birth what we popularly describe as a "bureaucrat". He had a long and distinguished career in the Indian Civil Service and held high positions in the Government of Bombay, the Municipality of Bombay and the Government of India. His great services to the Tatas and particularly to the Tata Iron & Steel Co., are well-known but can be truly appreciated by those who are closely acquainted with that great national enterprise. But Sir Ardeshir Dalal has not merely the business aptitude for which the Parsi community is famous ; he is also a patriot and a nationalist in the best sense of the term. All who know what he has done for the Indianisation in Tatas and elsewhere are fully

aware of it. This cannot but be, because as Sir Purshotamdas Thakurdas, in his Presidential speech at the second session of the Federation of Indian Chambers of Commerce and Industry, in Calcutta observed, "Indian commerce and industry are intimately associated with and are indeed, an integral part of the national movement growing with its growth and strengthening with its strength. Much misunderstanding is due to this important fact not being sufficiently recognised. The ideal of the national movement in the political sphere, namely to make the Indian nation united, prosperous and progressive, is also the ideal of Indian commerce and industry in the economic sphere. Many of our European friends and even some Indians do not realise that, deprived of its inspiration in Indian nationalism, Indian commerce and industry might be reduced to mere exploitation. The attitude of the Indian commercial world to Government and British commercial interests can be rightly appreciated only if this great fact is understood. Indian commerce and industry cannot make terms with the one or the other at the expense of national interests".

Sir Ardeshir Dalal has also been chosen this year to represent the Indian Employers at the International Labour Conference at Geneva, which shows the confidence in his leadership and ability by industrial organisations in the country.

It has been a matter of some disappointment to all of us and particularly to myself that his other preoccupations outside Calcutta frequently took Sir Ardeshir out of this city and we were not able to draw as much on his knowledge and experience and Judgment as we would have liked to. To me personally this has been a loss, because I would have benefitted much more if he had been able to stay longer in Calcutta as his advice and guidance would have been invaluable to me.

Sir Ardeshir Dalal is proceeding to Europe in the middle of next month and we all wish him bon voyage and all success in his mission there. Although his headquarters will henceforth be in Bombay, I have no doubt that whenever he comes to Calcutta he will give us the benefit of his visit and wherever he is, retain a soft corner in his heart for this Chamber. I also sincerely, thank you, Gentlemen, for having elected me as President of the Chamber for the coming year.

REPORT
INDIAN CHAMBER OF COMMERCE
CALCUTTA.

INDIAN CHAMBER OF COMMERCE, CALCUTTA.

Report of the Committee for the year 1938

The Committee of the Indian Chamber of Commerce, Calcutta, have the honour to present to the members of the Chamber their report for the year ended 31st December, 1938 together with the Statement of Audited Accounts for the period. The Committee for the year 1938 were elected at the Annual General Meeting of the Chamber held on the 25th February, 1938. The following gentlemen were elected to serve on the Committee:—

President—Mr. (Now Sir) A. R. Dalal (Messrs. Tata Iron & Steel Co., Ltd.); Senior Vice President—Mr. G. L. Mehta (Messrs. Scindia Steam Navigation Co., Ltd.); Vice President—Mr. K. J. Purohit (Messrs. Batliboi & Purohit); Members—Mr. B. M. Birla (Messrs. Birla Brothers Ltd.); Mr. A. L. Ojha (Messrs. Amritlal Ojha & Co., Ltd.); Mr. D. P. Khaitan (Messrs. Kesoram Cotton Mills Ltd.); Mr. Faizulla Gangjee (Messrs. Gangjee Sajun & Co.); Mr. M. L. Shah (Messrs. Chimanlal Vadilal & Co.) Mr. B. D. Bhattar (Sir Sarupchand Hukumchand & Co.); Mr. N. L. Puri (Central Bank of India Ltd.); Mr. K. L. Jatia (Messrs. Mahaliram Ramjeedas); Mr. Pranjivan Jaitha (Pranjivan Jaitha Esq.); Lala Karamchand Thapar (Messrs. Karamchand Thapar & Bros.); Sir Badridas Goenka (Messrs. Ramdutt Ramissendas & Co.), Mr. Rajendra Singh Singhi (Messrs. Dalchand Bahadur Singh); Mr. M. G. Bhagat (Messrs. Bengal Potteries Ltd.); Mr. Kedarnath Khandelwal (Messrs. Kedarnath Khandelwal & Co.); Mr. Debes Chandra Ghose (Gopalpur Tea Co., Ltd.); Mr. Kassim A. Mohmad (Messrs. Kassim and Ismael); Mr. Mungtooram Jaipuria (Messrs. Anandram Gajadhar); Mr. N. K. Jhajharia (Messrs. Jhajharia Bros. Co.).

The Committee have to record with great regret the death of Mr. K. J. Purohit, the Vice President of the Chamber, during this year. Mr. Purohit was a member of the Committee since a long time and the Committee record their deep sense of loss at his death. Mr. N. L. Puri was co-opted as the Vice President in place of Mr. K. J. Purohit and Mr. K. M. Naik was co-opted on the Committee in his place.

During the year under review, there were also several vacancies in the Committee due to members having taken leave of absence and Messrs. L. N. Birla, R. L. Nopany, K. P. Goenka, N. N. Mookherjee and J. R. K. Modi were invited to serve on the Committee for varying periods in the vacancies thus created.

The Committee had altogether 40 sittings during the course of the year. Standing Sub-Committees on various subjects, viz., Transport, Finance, Insurance, Coal, Produce etc., were also appointed and several meetings of the various Sub-Committees were held during the year under review. With a view to ensure a careful consideration of the various matters of importance which required closer and detailed investigation and which did not fall within the purview of any of these Standing Sub-Committees, Special Sub-Committee were appointed by the Committee from time to time. Among the principal subjects dealt with by the Committee during the year were those relating to Finance, Currency, Exchange, Banking Shipping, Tariffs, Railways, Customs etc.

REPRESENTATION ON PUBLIC BODIES.

Appellate Authority Constituted by Rule 75(1) of the Bengal Factories Rules, 1935.—As stated on page 5 of the last Annual Report, the Committee had addressed a letter to the Government of Bengal requesting them to include a representative of the Chamber on the Appellate Board Appointed under Section 31(1) of the Factories Act, 1934. Subsequently the Government of Bengal issued a Notification dated 11th December, 1937 proposing draft amendment in the Bengal Factories Rules, whereby representation on the Appellate Board was to be given to the Bengal Chamber of Commerce, Bengal National Chamber of Commerce, the Indian Chamber of Commerce and the Muslim Chamber of Commerce, for

one year at a time by rotation in the above order. Under the existing rules only the Bengal Chamber of Commerce is entitled to nominate a representative on the Board. The Committee thereupon addressed a letter to the Government of Bengal on the 14th January, 1938, intimating their agreement with the proposed amendment.

The Committee however, subsequently learnt that these proposals of the Government of Bengal were opposed from certain quarters and it was insisted that the right of the Bengal Chamber of Commerce alone to nominate a representative on the Appellate Authority should be continued on the ground that the other Chambers of Commerce represented commercial interests more than the industrial ones. The Committee, therefore, again addressed a letter to the Government of Bengal on the 17th February, 1938, stating that it was not true that the Indian Chamber did not represent industrial interests. They referred the Government of Bengal to their previous letters in this connection in which it was pointed out that the membership of the Chamber included a large number of industrial establishments viz. Coal, Cotton, Jute, Sugar, Iron and Steel manufacturers, Foundry Engineering, Flour and Rice Mills, Potteries, Match Manufacturers, Chemical and Pharmacaetical etc., which were both important in nature and varied in their scope and which were liable to be affected considerably by the findings of the Appellate Court. The Committee further stated that they understood that it was suggested to the Government of Bengal to give one additional seat to the representatives of the Bengal National, Indian and Muslim Chambers of Commerce by rotation and to continue the right of the Bengal Chamber of Commerce to nominate an independent representative every year. The Committee strongly objected to this suggestion of discriminating in favour of Bengal Chamber of Commerce by giving it a continuous representation on the Appellate Authority and leaving the other Chambers to nominate a representative by rotation. The Committee hoped that the Government of Bengal would not give any undue preference to one section of industrialists over another but would give an equal right of representation to the industrial concerns represented by all the Chambers of Commerce.

Visiting Committee for the Medical College Group of Hospitals.—This subject has reference to Page 4 of the last Annual Report. The Committee addressed a letter to the Government of Bengal on the 2nd March, 1938, pointing out the necessity of including a representative of the Chamber on the Visiting Committee in view of the large industrial and commercial interests represented by it and

requested them to take steps to invite the Chamber to nominate a representative on the Visiting Committee. The Committee are now glad to state that the Government of Bengal have granted representation to this Chamber on the said Visiting Committee. The Committee nominated Mr. M. L. Shah to represent the Chamber on that Committee.

Visiting Committee of the Campbell Hospital.—The Committee received a letter dated the 25th March, 1938 from the Government of Bengal referring to the representation of the Chamber on the Medical College Group of Hospitals and stating that there was a Visiting Committee also for the Campbell Hospital. The Chamber was requested to nominate a representative on that Committee also. A reply was sent to the Government of Bengal on 26th March, 1938 stating that the Committee nominated Mr. K. L. Jatia to represent the Chamber on the Visiting Committee of the Campbell Hospital.

On the 20th December 1938 the President of the Visiting Committee, Campbell Hospital wrote to the Chamber informing that the proposal for the reconstitution of the Visiting Committee of the Campbell Hospital, Sealdah for the next financial year 1939-40 was to be submitted to Government shortly. He therefore requested to nominate a representative of the Chamber on the said Committee at an early date.

The Committee nominated Mr. K. L. Jatia to continue as the Chamber's representative for the next year and intimated their decision to the President on the 28th December, 1938.

Board of Industries Established under section 3(1) of the Bengal State Aid to Industries Act, 1931.—On the 4th March, 1938 the Committee addressed a letter to the Government of Bengal referring to the correspondence which the Chamber had with the Government in the years 1931 and 1932 re: representation of the Chamber on the Board of Industries, when the Government of Bengal had assured that a representative of the Chamber would be included in the Board when the Board would be re-constituted. The Committee pointed out that the Chamber had been taking keen interest in the working of the Bengal State Aid to Industries Act from the very beginning and emphasized the claims of the Chamber as a representative body of all sections of trade, commerce and industry of the Province having its representatives on various Government and Semi-Government bodies. As the question of the

amendment of the Bengal State Aid to Industries Act was under consideration of the Government of Bengal the Committee hoped that the Government would include a representative of the Chamber on the Board. The Government of Bengal replied on the 28th March, 1938 that the question would receive due consideration when the amendment of the Act would be taken up.

Traffic Advisory Board, Calcutta.— On the 22nd April, 1938, Mr. A. L. Ojha, representative of the Chamber on the Calcutta Traffic Advisory Board expressed his inability to continue serving on the Board. The Commissioner of Police, Calcutta also wrote to the Chamber on the 26th April, 1938 that Mr. Ojha had expressed his desire to resign his membership of the Traffic Advisory Board. The Chamber was requested to nominate a representative in place of Mr. Ojha. The Committee replied on the 4th May, 1938 stating that they had nominated Mr. K. N. Khandelwal as their representative on the Traffic Advisory Board.

Board of Economic Enquiry, Bengal. The Government of Bengal wrote to the Chamber on the 9th April, 1938 stating that the term of appointment of Mr. G. L. Mehta the representative of the Chamber on the Board of Economic Enquiry Bengal had expired. As the Government proposed to réappoint the Board for a further period of two years, the Chamber was requested to nominate a representative on the same. The Committee replied on the 26th April, 1938 stating that they had nominated Mr. A. L. Ojha as their representative on the Board.

Board of Management of the Government Commercial Institute.— Mr. K. J. Purohit, who represented the Chamber on the Board of Management of the Government Commercial Institute, having expired, the Committee nominated Mr. N. L. Puri to represent the Chamber on the Board and informed the Government of Bengal accordingly on the 10th May, 1938.

Committee of Management of the Government Weaving Institute, Serampore.— On the 26th April, 1938, the Director of Industries, Bengal wrote to the Chamber that the Committee of Management of the Government Weaving Institute, Serampore was due to be reconstituted. The Chamber was requested to nominate a representative on the Committee. The Committee replied on the 27th April, 1938 stating that they had nominated Mr. B. D. Bhattar on the same.

Combined Commercial Museum and Health Publicity Section of the Calcutta Corporation.—Mr. M. L. Shah, the representative of the Chamber on the Advisory Board of the Combined Commercial Museum and Health Publicity Section of the Calcutta Corporation wrote to the Chamber on the 10th May, 1938 expressing his inability to continue to serve on the same. The Committee thereupon nominated Mr. Kassim A. Mohamad on the Board and informed the Secretary of the Board accordingly on the 14th May, 1938.

Bengal Smoke Nuisance Commission.—On the 2nd April, 1938, the Committee addressed a letter to the Government of Bengal requesting the Government to give representation to the Chamber on the Bengal Smoke Nuisance Commission appointed under section 4(iv) of the Bengal Smoke Nuisance Act, 1935. The Committee pointed out that the Chamber represented large industrial interests which should be represented on the Smoke Nuisance Commission. The Committee mentioned the public bodies and the institutions on which the Chamber has already got representation and requested the Government to grant a representation to this Chamber also on the Smoke Nuisance Commission.

Representation of the Chamber on the Calcutta Port Trust.—The Committee received a letter dated the 18th August, 1938, from the Government of India, Department of Communications stating that the term of office of Mr. A. L. Ojha, the Commissioner for the Port of Calcutta, elected by the Indian Chamber of Commerce, would expire on the 6th September, 1938. The Government requested the Chamber to elect a Commissioner in the place of Mr. Ojha. An election under the Rules of the Chamber in this connection was duly made and Mr. Faizulla Gangjee was declared elected as the Commissioner for the Port of Calcutta representing the Indian Chamber. The Committee informed the Government of India on the 20th September, 1938 about the same.

E. I. Railway Local Advisory Committee.—On the 14th July, 1938, the East Indian Railway wrote to the Chamber that the tenure of office of Mr. Faizulla Gangjee, Chamber's Representative on the Local Advisory Committee of the Railway, expired at the end of August, 1938. The Chamber was requested to nominate a representative in place of Mr. Gangjee. The Committee thereupon nominated Mr. M. L. Shah on the Advisory Committee for the next term and informed the E. I. Railway accordingly on the 18th July, 1938.

E. B. Railway Local Advisory Committee.—As Mr. R. Chakravarti of the Mohini Mills Ltd., who represented the Chamber on the Eastern Bengal Railway Local Advisory Committee expressed his inability to continue to serve on the Advisory Committee owing to illness, the Committee nominated Mr. J. Chakravarty to represent the Chamber on the same and informed the E. B. Railway accordingly on the 10th September, 1938.

Consultative Committee of the Calcutta Electric Supply Corporation.—Pursuant to an announcement that the consultative Committee of the Calcutta Electric Supply Corporation Limited was going to be enlarged by inclusion of three more members, one each representing the Bengal National and the Muslim Chamber of Commerce and the third representing the Municipalities other than Calcutta and Howrah, the Committee addressed a letter to the Calcutta Electric Supply Corporation on the 27th July, 1938, regretting that among the Chambers of Commerce invited to nominate members on the Consultative Committee in this connection, the name of this Chamber had not been mentioned. The Committee pointed out that the Indian Chamber represented vast Industrial and Commercial interests in Bengal and especially in Calcutta, and in view of this fact it was given representation on the Bengal Legislative Assembly, Board of Commissioners for the Port of Calcutta, Advisory Committees of the E. I., B. N. and E. B. Railways and a number of other Institutions. The Committee requested the Electric Supply Corporation to reconsider the matter and invite the Chamber to nominate representative on their Consultative Committee. The Corporation of Calcutta also passed a Resolution in their meeting on the 27th August, 1938, that a representative of the Chamber should be included in the Consultative Committee of the Electric Supply Corporation.

The Electric Supply Corporation replied on the 30th August, 1938, stating that, whilst the Corporation fully appreciated the important interests represented by the Chamber, they particularly desired that the Consultative Committee should not be unwieldy. They were moreover, of the opinion that the Consultative Committee as now constituted on an enlarged basis would enable all interests to keep in close touch with the Corporation and they did not therefore, desire to enlarge the scope of the Committee.

The Committee again addressed a letter to the Electric Supply Corporation on the 3rd September, 1938, pointing out that it would be unfair to the large interests represented by this Chamber if the

Chamber was not given a representation on the Consultative Committee. The Committee requested that the matter be again placed before the Board of the Corporation for consideration.

The Committee also addressed a communication in this connection to the Government of Bengal on the 21st September, 1938. The Committee drew the attention of the Government to the obviously unfair attitude of the Calcutta Electric Supply Corporation in the matter. It was pointed out that the Calcutta Electric Supply Corporation being a public utility concern was not justified in omitting in the first instance to include the representative of the Indian Chamber on the Consultative Committee and to refuse to rectify the omission when requested by the Chamber to do so. The Committee also mentioned that the Calcutta Municipal Corporation in their meeting on the 27th July, 1938, adopted a resolution recommending the inclusion of a representative of the Indian Chamber in this Consultative Committee. The Committee, therefore, requested the Government of Bengal to take suitable steps in the matter and see that the injustice done to the Chamber was set right.

Representation of the Chamber on the Tea Marketing Expansion Board.—On the 16th August, 1938, the Committee addressed a letter to the Government of India regarding the Bill introduced in the Legislative Assembly to amend the Indian Tea Cess Act of 1903 with a view to enlarge the Constitution of the Tea Market Expansion Board by including therein a representative of the Travancore Tea interests. The Committee pointed out that the Indian Chamber of Commerce represented large and varied interests, not only those having business in Calcutta and parts of Bengal but also a number of important Indian firms. The Committee stated that both the Bengal Chamber and the Bengal National Chamber of Commerce enjoyed representation on the Tea Market Expansion Board apart from the Tea Industry which was represented through the Indian Tea Association. The Committee further pointed out that the Indian Chamber of Commerce apart from representing very large important Indian commercial interests had also got Tea Estates and companies within its membership and the present opportunity of enlarging the constitution of the Tea Market Expansion Board should, therefore, be availed of by the Government of India to give representation to the Indian Chamber of Commerce on the said Board so that the views of the Indian Commercial community may be adequately represented on the same.

The Indian Tea Cess (Amendment) Act, 1938, however, did not provide for including a representative of the Chamber on the Board. The Committee thereupon addressed a further letter to the Government of India on the 18th October, 1938, regretting that no representative of the Chamber had been included in the Board. The Committee again emphasised that the Indian Chamber of Commerce represented large and varied interests and important Indian firms were included in the membership of the Chamber. The Committee stated that it was essential that the large interests represented by the Chamber should have representation on the Tea Market Expansion Board. The Committee requested the Government to take an early opportunity to amend the Indian Tea Cess Act with a view to grant representation to the Chamber on the Board.

INTERVIEWS AND MEETINGS

Meeting with Mr. H. S. Malik, O.B.E., I.C.S., the Government of India Trade Commissioner Designate to New York.—

On 18th February, 1938 the Committee of the Chamber met Mr. H. S. Malik, the Government of India Trade Commissioner-Designate for New York, and discussed with him several questions relating to trade between India and the United States and also the question of the status of Indian businessmen in America.

Meeting with Mr. G. V. Bewoor, C.I.E., I.C.S., Director General of Posts and Telegraphs.—

On 30th June, 1938 the Committee met Mr. G. V. Bewoor, C.I.E., I.C.S., Director General of Posts and Telegraphs at the premises of the Chamber and discussed various questions relating to Posts and Telegraphs with him. Referring to the question of Postal and Telegraph rates between India and Burma, the Committee pointed out that the increase in these rates was a breach, at least in spirit, if not in word, of the Indo-Burma Trade Agreement, that it had affected trade relations between the two countries and was a great burden on the business as well as the working class Indians in Burma and India. Mr. Bewoor referred the Committee to the correspondence in this connection between the Chamber and the Government of India and stated that the latter were bound to consider the views of the Government of Burma in the matter and had already succeeded in securing a substantial reduction in the rates introduced immediately after separation. Mr. Bewoor added that the Government of India did not consider unilateral

reduction of postage rates from India as likely to benefit the trade between the two countries and as regards telegraphs, he stated that unilateral reduction was not possible as the charges were shared by the two parties.

The Committee also raised the question of extension of telephone facilities in the Raneejung Coal fields area. Mr. Bewoor promised to examine this project at an early date. The Committee also referred to the delay in getting trunk telephone connections. Mr. Bewoor pointed out that this was mainly due to the absence of sufficient telephone channels on certain circuits and the Department had already taken steps to provide additional channels on those circuits. Regarding the question of distinguishing bells for trunk calls and local calls, Mr. Bewoor pointed out that the question had been examined some time before by the Department's technical authority but it was not found possible to have any such distinguishing signals. He added that the public can utilise the personal call facilities. The Committee stated that the extra fee charged for personal calls which was 25 per cent of the full rate was too high and discouraged personal calls. Mr. Bewoor promised to examine the point. The Committee then raised the question of the tenders invited for steamer mail services between India and Burma and certain other countries. Mr. Bewoor pointed out that the notice calling for tenders which appeared a few weeks ago asked for tenders for contracts for a period of five or ten years in the alternative. He further stated that the shorter the period for which a contract was given, the higher the amount likely to be demanded by tenderers and in the interests of general economy it would not be possible to give contracts for one or two years. The Committee pointed out that shorter terms were desired, so as to make it easier for Indian Shipping Companies to tender for the contract as they would be progressively in a better position to do so as they expand and develop than at present.

Meeting with Mr. J. F. Sheehy, I.C.S., Member, Central Board of Revenue.—On the 11th July, 1938, the Committee met Mr. J. F. Sheehy, I.C.S., Member, Central Board of Revenue and Rai Bahadur S. N. Banerjee, Commissioner of Income Tax, Bengal, at the premises of the Chamber and discussed various questions relating to Income Tax with them. Necessity of the Government of India issuing a Notification under Section 60(1) of the Act as recommended by the Income Tax Enquiry Committee regarding allowance being made in favour of Managing Agents in respect of portions of their managing agency Commission paid away to other

parties while computing the former's liability to tax, re-opening of the accounts for six years, amalgamation of the incomes of husband and wife for purposes of taxation, provisions in the Income tax Bill about appeal and about depreciation were some of the matters discussed by the Committee.

Meeting with the Chief and the Financial Commissioners of Railways.—On the 28th July, 1938, the Committee met Mr. L. Wilson, the Chief Commissioner and Mr. B. M. Staig, the Financial Commissioner of Railways. The Committee discussed with them a number of subjects pertaining to the Railways. Rebate on cotton booked to stations in Bengal, shortage of wagon supply for coal, Jute type of wagons, damage to cotton piecegoods, reduction of surcharge for Air-conditioned travel, scheduled seating accommodation for Third Class passengers and illegal gratification demanded by the Railway staff were some of the subjects discussed by the Committee with the Commissioners.

Meeting with the Indian Delegation from Burma.—On the 24th August, 1938, the Committee received a telegram from the Burma Indian Chamber of Commerce stating that a delegation representing the Indian Chamber of Commerce, Indian Association and the Chettiars' Association and comprising of Mr. S. A. Tyabji and Mr. Dadachandji was going to India in connection with the recent Burma riots. The Committee invited the Delegation to the Chamber on the 29th August, 1938. In the course of the discussion the Delegation pointed out that effective steps should be taken to safeguard the interests of Indians overseas. They described the horrors of the riots and the widespread bloodshed, arson, looting and desecration of sacred places that resulted from it. The delegation dwelt at length upon the commercial interests of Indians in Burma and the trade position between India and Burma. The true cause for the recent disturbance, according to them, was more racial and economic than religious. The Delegation emphasised that people in India should unitedly assert themselves and see that such widespread loss of property and lives of Indians as witnessed in Burma does not happen any where in future, and that adequate compensation was paid to the dependants of persons who had lost their lives. The delegation emphasised the necessity of appointing an impartial Enquiry Committee to investigate the whole matter. The Committee of the Chamber assured their full sympathy and support to the cause and agreed that this should be made a test case in the Empire to ensure the safety and security to lives and property of Indian overseas.

CUSTOMS

Enquiry by the Tariff Board into the question of protection to paper and paper pulp industries.—It was stated on Page 29 of the last Annual Report that the Committee were considering the questionnaire issued by the Tariff Board which was appointed by the Government of India to re-examine the question of protection enjoyed by the paper and paper pulp industries in India and to report what protective measures should be continued after the 31st March, 1939. The Committee addressed a letter on 18th February, 1938 to the Tariff Board stating that although the protection to the paper industry was granted in 1932 for a period of seven years it was only during the last two years that new concerns had come into the field and that many of them had not yet started manufacturing operations. The Committee, therefore, were of the opinion that if the scale of protection to the paper industry was in any way lowered or removed, it would definitely be harmful to the interests of many newly started Indian concerns and would subject them from the start to competition from long-established foreign industries. In order, therefore, to achieve the objects for which the protection was granted, i.e., for expanding the Indian paper industry in order to enable India's bamboo resources to be properly exploited, it was essential, the Committee stated, that the Tariff Board should recommend the continuance of the existing measure of protection.

The Committee further pointed out that protection to the paper industry at present was confined to only certain class of papers which can easily be manufactured from bamboo. The Committee stated that the increase in India's consumption of the protected varieties of paper was from tons 49,000 in 1930-31 to 55,000 only in 1936-37, whereas the consumption of the unprotected varieties of paper increased from tons 1,05,000 to 1,53,000, which showed that there was a considerable scope for the expansion of the paper manufacturing industry in some of the unprotected varieties also. The Committee, however, pointed out that the productive capacity of the existing mills in India had considerably increased in recent years in respect of protected varieties of paper and that therefore it would be greatly desirable and helpful for the healthy and alround development of the industry if the manufacturing activities were diverted to other classes of paper not included in the scheme of protection. India imported packing paper to the value of 50 lakhs of rupees every year and as about two-thirds of these imports were of the class which could be easily manufactured

in India from bamboo pulp, the Committee felt that there was no reason why India should not be able to produce her requirements of paper provided adequate protection was given to the industry. The Committee, therefore, hoped that the Tariff Board would not only recommend the continuance of the present scale of protection but would also recommend its extension to other classes of unprotected paper particularly packing paper including kraft and imitation kraft.

On the 25th June, 1938, the Government of India forwarded a copy of their resolution in which it was stated that while referring the question of protection to paper and paper pulp industries to the Tariff Board, they directed the Board that if in the course of investigation the Board should be satisfied that the revenue surcharge of 25 per cent imposed in 1931 was no longer justifiable, the Board would be at liberty to make recommendation in this behalf in advance of the main report. The Tariff Board had accordingly submitted an interim report on the 30th March, 1938 to the effect that having regard to the present level of prices of imported papers the continuance of the revenue surcharge was not necessary as a measure of protection. The Government resolution further stated that the Government of India accepted these findings of the Tariff Board and they had decided that the revenue surcharge on the protective classes of paper and on the wood pulp should be removed forthwith. The Government of India also forwarded a notification dated the 25th June, 1938 whereby they reduced the import duties on wood pulp from Rs. 56-4 per ton to Rs. 45 per ton and on printing paper (in which mechanical wood pulp amounted to less than 70 per cent of the fibre content) and writing paper from As. 1-3 per pound to As. 1 per pound.

The Committee thereupon addressed a letter on the 22nd July, 1938 to the Government of India regretting the step taken by them in reducing the surcharge. The Committee pointed out that the original protective duty granted to the industry was rendered ineffective by large imports of paper at uneconomic prices and it was only with the help of the surcharge that the Indian paper mills were able to withold such competitions. Even the Tariff Board had recognised this fact. The Committee therefore were of the opinion that it was improper to base the conclusion on such an important question on the price level temporarily prevailing in the market. As regards the contention of the Tariff Board that the principal companies manufacturing paper from bamboo or grass pulp whose combined output represented 85 per cent of the total production of 1936-37 agreed to

the removal of the surcharge, the Committee pointed out that a number of new paper companies were under construction and they would receive a definite set-back if the surcharge was abolished. As regards the burden on consumers due to the surcharge, the Committee stated that the prices of paper which the consumers had to pay in 1936-37 notwithstanding the surcharge, were lower than they paid in 1930-31. The Committee further observed that the Paper Industry was in the transitional period of development and any adverse effect on the reasonable margin of profit even for a short time was bound to have repercussions on its healthy developments. The Committee therefore urged the Government of India to continue the surcharge on the protective duties on paper as at present.

The Government of India replied on the 29th July, 1938 saying that the views of the Chamber had been noted.

Protection to Minor Industries.—The Committee had a long correspondence last year with the Government of India on this question. The Committee had strongly objected to the Government suspending the enquiry in November, 1937. On 31st January, 1938 the Committee again addressed a letter to the Government of India giving the instance of the artificial silk yarn industry which was also being affected by adverse competition from Japan. The Committee stated that the imports of Japanese artificial silk yarn had increased in value from Rs. 1,218,881 in September, 1937 to Rs. 5,855,933 in November, 1937 to the detriment of the indigenous industry. The Committee emphasized that the suspension of the Enquiry was quite inadvisable and they urged the Government to complete the same.

In their reply dated 22nd February, 1938 the Government of India forwarded a copy of the questions asked in the Legislative Assembly and the Government's reply, in this connection. In reply to a question of Mr. T. S. Avanasilingam Chettiar on the question of suspension of the Enquiry into protection to minor industries the Hon'ble the Commerce Member had stated that the prices of Japanese imports into India in recent months did not show any definite trend in either direction. He further stated that in some cases a rise had occurred while in others a downward tendency was noticeable and conditions were still too unsettled for a definite opinion to be expressed regarding the future course of prices. In reply to a further question as to whether the decline in the prices of Japanese product was one of the reasons for the suspension of the enquiry, the Hon'ble the Commerce Member had replied in the negative. Replying to a further

query of Mr. M. Ananthasayanam Iyengar as to the number of minor industries into which the investigation was made, the Hon'ble the Commerce Member stated that the enquiry was made into 40 industries and he laid a statement of the list of these industries on the Table. When asked by Prof. N. G. Ranga as to whether the Government had received any interim report of the enquiry before it was suspended, the Hon'ble the Commerce Member replied in the affirmative.

The Committee thereupon addressed a letter on the 8th April, 1938 to the Government of India regretting that no satisfactory reasons were adduced by them for the suspension of the enquiry. The Committee referred to the reply of the Commerce Secretary stating that some Japanese goods were still coming into the country, which they stated was an extraordinary under-statement of facts because imports of miscellaneous goods from Japan had considerably increased recently. The Committee pointed out that inspite of the Sino-Japanese War, Japan had been able to export to India more miscellaneous goods than before, while the imports of cotton from India had diminished and as a result India's favourable Balance of Trade with Japan was converted into an unfavourable Balance to the extent of 682 laks of rupees. The Committee stated that a large number of these miscellaneous goods whose imports had increased by 333 lakhs of rupees during the nine months ended December 1937 as compared with the same period of 1936, were manufactured by small and minor industries in this country and it was therefore imperative that the enquiry into the condition of these industries should be proceeded with. The Committee then referred to the Press Communique dated 3rd November, 1937 of the Government of India suspending the enquiry on the grounds that the conditions had become unsettled in the Far East and that the prices of Japanese imports into India were steadily rising. As regards the first contention of the Government, the Committee pointed out that the unsettled conditions in the Far East had been prolonged but they had ceased to influence the course of Indo-Japanese Trade so far as the imports of Japanese goods into India were concerned, whereas the Sino-Japanese War and the stringent exchange restrictions of the Government of Japan adversely affected the imports of Indian cotton into Japan. As regards the rise in the prices of Japanese goods, the Commerce Secretary himself acknowledged in reply to the interpellation of Mr. Avanasilingam Chettiar in the Assembly that conditions were too unsettled for a definite opinion to be expressed regarding the future course of prices. The Committee, therefore, failed to understand why the Government

Communique of November stated that the prices of Japanese imports into India were steadily rising and they felt that this argument of the rise in prices could no more be made a ground for suspending the enquiry which had already covered about 40 industries. The Committee observed that the Government of India had been dealing with this important question of minor industries in an altogether perfunctory manner. The Government did not agree to bring this question within the perview of the Indo-Japanese Trade negotiations which provided an excellent opportunity of assisting the minor industries but they promised only a departmental enquiry. It was only after a lapse of one year i.e., in June 1937 that a special Officer was appointed to examine the question, and apart from the unsatisfactory procedure in which the investigation was conducted, the enquiry was inordinately delayed and was then suspended all of a sudden to the great surprise of the commercial community. The Committee considered that it was a sheer waste of time and money to discontinue the enquiry and to leave it incomplete. The Committee, therefore, strongly urged the Government of India to proceed with the enquiry and to complete the work undertaken at an early date and to publish the findings of the enquiry for the information of the public and the industries concerned.

Enquiry by the Tariff Board into the question of protection to Magnesium Chloride Industry.—The Government of India, Department of Commerce, in their Resolution dated 18th December, 1937 announced the appointment of a Tariff Board to enquire and ascertain whether any and if so what protective measures should be continued for the Magnesium Chloride Industry after 31st March, 1939. Firms and persons interested were invited to express their views in this connection. The Committee also received a letter dated the 12th January, 1938 from the Tariff Board forwarding a copy of the questionnaire issued by the Board and requesting the Chamber to express its views in this connection. A similar letter was also received from the Government of Bengal.

After consulting the members concerned, the Committee addressed a letter on 24th February, 1938 to the Secretary, Tariff Board, in which it was stated that Magnesium Chloride Industry possessed natural advantages such as abundant supply of raw materials, cheap power, sufficient supply of labour and also a large market. The Committee were of the opinion that without the help of protection the indigenous Magnesium Chloride Industry was not likely to develop or to face competition from fully developed industries in other

countries. The Committee had no doubt that provided a suitable protection was maintained for the Industry for a number of years, the need of the country in this Article could be supplied by the home production. The Committee felt that the Industry was of sufficient importance from the point of view of the economic development of the country and that the industry would also achieve the standard of efficiency to justify the protection if adequate protection was maintained. The Committee addressed a similar letter to the Government of Bengal also.

Imports of Japanese Artificial Silk Loongies into Calcutta through the Port of Rangoon.—It was mentioned on page 29 of the last Annual Report that the Committee had under consideration the question of the increasing imports of Artificial Silk Loongies from Japan through the Port of Rangoon, which were subsequently sold as Fents in the market. The Committee addressed a letter to the Government of India on the 12th March, 1938 inviting their attention to this matter. The Committee stated that these loongies were $1\frac{3}{4}$ yards in length and 36 inches in width with a top piece of cotton about 6 to 8 inches in width stitched at the top and a beading of about $4\frac{1}{2}$ inches wide round about the bottom. The Committee also sent a sample of the loongies to the Government of India, and pointed out that the reason for the import of these fents in this indirect manner was that the artificial silk fabric was assessed at a higher rate of duty namely 50 per cent. ad valorem or As. 5 per square yard which ever is higher, whereas artificial silk loongies fell under the heading of apparel and were assessed at a duty of 35 per cent Ad Valerom. Moreover the loongies were not imported direct at Calcutta, because Calcutta had a very limited market for the loongies as such and the Customs authorities would be easily led to question if large quantities of loongies came into the market; whereas Burma had a very large market for the loongies and the Customs authorities consequently would not be as strict in this respect as the Calcutta Customs authorities. In order, therefore, to circumvent the higher duty, the Committee stated that these loongies were imported first at the port of Rangoon where they were assessed at the rate of 35 per cent ad valorem and subsequently they were taken to Calcutta as it was then not difficult for the importers to get the goods passed by the Customs without any particular scrutiny. The Committee stated that large quantities of artificial silk were being smuggled in this manner and it would prove an increasing menace to the indigenous industry and also deprive the

Government of its revenue. The Committee pointed out that the Government had imposed a protective duty of 50 per cent ad valorem or As. 5 per square yard whichever is higher, on the imports of Artificial silk and the circumvention of this higher duty by the importers in this manner deprived the Indian Textile Industry of the benefit of protection.

On the 7th September, 1938, the Committee again addressed the Government of India on the subject at the instance of Messrs. Anandram Gajadhar. The Committee pointed out that such large imports of these loongies into Calcutta proved extremely prejudicial to the textile industry and it was necessary that the Government should take immediate steps to prevent this circumvention of the protection granted by it. In view of the handicap the textile industry was placed in on account of such circumvention of the protective duty, the Committee strongly urged the Government to see that no artificial silk fabric was imported into Calcutta from Japan in the form of loongies either direct or through the Port of Rangoon.

The Government of India replied on the 17th November, 1938 stating that artificial silk loongies were correctly assessed to duty under Item No. 52—'apparels'—of the Import Tariff Schedule and that the rate of duty cannot be enhanced without legislation. The Committee thereupon addressed a further letter to the Government on the 7th December, 1938 emphasizing the necessity of early undertaking legislation in that connection. The Government of India replied on the 7th January, 1939 stating that the views of the Chamber in the matter were noted by them.

Excise duty on Medicinal Preparations and Essences for Aerated Waters and Confectionery etc.—The Buyers and Shippers Chamber, Karachi, forwarded a copy of their representation to the Central Board of Revenue on the subject of excise duty on medicinal preparations and essences for aerated waters, and requested the Chamber for support. The Committee of the Chamber after consulting the members interested in the industry addressed a letter on the 4th April, 1938 to the Central Board of Revenue inviting their attention to the decision arrived at in connection with the Excise Duty on medicinal preparations etc., by the Excise Conference which met at Delhi on the 8th November, 1937. The Excise Conference provision-

ally agreed to fix duties on the spirituous medicinal preparations at Rs. 5 per proof gallon and on spirituous essences, rectified spirit and medicated wines in toilet preparations and perfumed spirits at Rs. 17-8 per proof gallon. The Committee pointed out that the rate of Rs. 5 per proof gallon fixed on spirituous medicinal preparations was very high looking to the poor condition of the masses in India. The Committee were, therefore, of the opinion that the duty on spirituous medicinal preparations should be entirely removed in order to enable a large number of people to make use of these medicines and also to encourage the Indian Pharmaceutical Industry. In case total abolition of duty was not possible, the Committee suggested that the duty should be reduced to Rs. 2 only. The Committee next referred to the Excise duty on essences which were classified along with articles of luxury and subjected to a high rate of duty. The Committee pointed out that essences were largely used in food stuffs and the imposition of higher duty on the same made the use of Alcohol impossible in the manufacture of essences to Indian Essence Manufacturers, who imported non-Alcoholic solvents like Solvohol, and Ethylene Glycol as a substitute for Alcohol.

The Committee pointed out that the cost of Alcohol at strength 62.3 O. P. came to Rs. 3-3-6 per lb. whereas the cost of Solvohol came to Rs. 1-2-6 per lb. only. The Committee observed that if the rate of duty on essences were reduced the use of Alcohol would be encouraged and the Government of India would get larger revenue from that source than what they got by the $3\frac{3}{4}$ per cent import duty on non-Alcoholic solvents. The Committee, therefore, suggested that the duty on essences should be reduced to Rs. 5 per proof gallon which would reduce its cost to Rs. 1-2-9 per lb. The Committee also pointed out that the proposed duty of Rs. 17-8 per proof gallon on essences was higher than the duty on country liquor which come to an average of Rs. 10-8 per proof gallon. The Committee hoped that the Central Board of Revenue would give careful consideration to this matter.

Adulteration of Drugs in India and Inter-Provincial Barriers of Excise on Drugs and Pharmaceutical Products—The Committee had a long correspondence with the Government of India during the last two years in this connection. The Government of India introduced a Bill in the Assembly on the 23rd August, 1937 for regulating the import into British India of drugs and medicines. The Committee, thereupon, addressed a letter to the Government referring to the growing demand for stopping the imports and

consumption of adulterated drugs from the year 1930 when the Drugs Enquiry Committee also recognised the necessity of enacting suitable legislation for preventing the same and even the Council of State passed a Resolution in 1935 requesting the Government to implement the said recommendations immediately. The Committee, while therefore, welcoming the step taken by the Government of India in introducing the Bill for dealing with this question of spurious drugs, expressed disappointment that the question was not dealt with in a comprehensive manner as the Bill was only a half-hearted measure which would make the conditions more difficult for the indigenous drugs. The Committee pointed out that the Bill was limited in its application for the control of imported drugs only and did not contain any provision for a similar regulation for the indigenous drugs, as the Government stated in the Statement of objects and reasons of the Bill that the questions relating to the manufacture, storage and sale of indigenous drugs were for the Provincial Government to deal with under the New Government of India Act. The Committee expressed regret that the Government of India delayed the matter for a considerably long time till the constitutional changes brought about by the Government of India Act precluded them from enacting a comprehensive legislation. It was clear, the Committee pointed out, that the problem of controlling drugs and medicines which was a question of vital importance directly affecting the health and welfare of the nation as a whole could only be dealt with on an All-India basis. The constitutional difficulties, the Committee stated, existed even before the coming into force of the new constitution; and the Drugs Enquiry Committee in 1930 and 1931, stated that some of their proposals for the regulation of Drugs and Pharmaceutical Industries fell under the list of provincial subjects but the Enquiry Committee strongly recommended that legislation to give effect to their proposals be introduced in the Indian Legislature as it was essential that uniform laws relating to Drugs throughout the entire extent of India should prevail. The Committee were of the opinion that considering the uniformity of public and commercial opinion throughout the country, the Provincial Governments would not think of standing in the way of having this reform on an All India basis in view of the health and welfare of the people.

The Committee further pointed out that the present Bill would not even solve the problem of adulteration of drugs in India fully as, if the bill was passed, imported drugs would be sold in India under a hall-mark of purity and a stamp of genuineness obtained from the Government of India while the indigenous drugs would by implication

bear a stamp of inferiority in the public eye and as a result even the genuine indigenous drugs would face the danger of being gradually eliminated in the market by foreign drugs and medicines. The Committee made it clear that by the indigenous drugs they meant the drugs prepared in the country under the Western systems and not under the indigenous system of treatment namely the Ayurvedic and Unani.

The Committee also urged that the Government should associate with itself a statutory Advisory Board as recommended by the Drugs Enquiry Committee, with a majority of elected non-official members including members of the medical faculties of the Statutory Universities in India, independent medical practitioners, representatives of manufacturers and technical experts, for making rules and regulations for the enforcement of the standards proposed to be fixed under the present Act. The Committee emphasised the necessity of establishing laboratories by the Government of India for testing purposes. In order, however, to acquire confidence in the laboratory tests the Committee stated that the various Government Medical Stores Depots should gradually stop manufacturing drugs themselves.

In conclusion, the Committee strongly protested against the attitude of the Government in not consulting the various commercial bodies in spite of the keen interest evinced by the Chambers of Commerce and other organisations in the question of checking the sale of deteriorated and spurious drugs.

It is now understood that the Government of India are consulting the various Provincial Governments as to whether they would agree to the enactment of a legislation on the All India basis for regulating and controlling the indigenous drug industry also.

Difficulties of the Pharmaceutical Industry in India—
On the 14th June, 1938 Messrs. Alembic Chemical Works Company, Limited wrote to the Chamber enclosing a copy of their memorandum submitted to the Government of India in April last detailing certain urgent needs and requirements of the Pharmaceutical Industry of India and requested the Chamber to support their representation. The Committee thereupon addressed a detailed letter to the Government of India on the July, 1938 drawing the attention of the Government to the difficulties of the Pharmaceutical Industry. The Committee pointed out that the Chemical and Pharmaceutical Industry was a growing industry and if proper encouragement was given, it would soon be able to supply the country's demand for drugs, medicines

and other allied products and also thus provide a steady and certain market for the vast quantities of raw drugs produced in the country. The Committee stated that certain difficulties and handicaps, however, stood in the way of the healthy growth of this industry and placed it at a considerable disadvantage as compared to the imported products. The Committee referred to the high import duty on raw drugs, which was 30 per cent *ad valorem* and pointed out that this duty much enhanced the cost of production of drugs in India. The Committee also referred to the duty on imported medicines into India which is charged on the alcoholic contents of the medicines and consequently not only the drug contents of the medicines entered the country free of duty but also the bottles which contain the medicines, packing materials, the corks, capsules etc., were all imported free of duty. The Committee further referred to the question of railway rates for drugs and stated that there were cases in which the Indian manufacturers had found it profitable to re-import Indian drugs once exported to foreign countries. The Committee further stated that the Provincial barriers of excise hampered the free movement of indigenous drugs from one part of the country to the other, though foreign manufactured drugs when they once entered the country were allowed absolute free movement. The problem of preventing the sale of adulterated drugs was also referred to by the Committee. The Committee urged the Government that in view of the growing importance of the Chemical and the Pharmaceutical Industry in India, every assistance should be granted to it to give impetus to its development.

The Committee addressed a further letter on the 16th July, 1938, to the Government of India pointing out the difficulties experienced by the Pharmaceutical Industry of India. The Committee urged the Government to remove these difficulties as they handicapped the healthy development of the Industry. The Committee suggested the removal of import duty on raw drugs and referred to the question of drug contents of imported medicines containing spirit not bearing any import duty. The Committee also made suggestions regarding railway rates for drugs. The Government of India replied on the 9th September, 1938. Regarding removal of import duty on raw drugs, the Government of India stated that it would not be feasible to arrive at a workable definition of crude drugs as many substances used in the manufacture of medicines were also used for other purposes. As regards the plea that the drug contents in imported medicines containing spirit did not bear any import duty, the Government stated that the alleged handicap to the Indian industry was outweighed by the advantage which that industry enjoyed in paying

spirit excise duty at Rs. 5|- per gallon as against the Customs spirit duty of Rs. 26|- and Rs. 29|- per gallon. With regard to the railway freights on raw drugs, the Government stated that the question of classification of drugs for this purpose had been receiving the attention of the Indian Railway Conference Association and they had revised the relevant entries in this connection. According to the Government, the differentiation between imported and country drugs in their crude or raw state will disappear as a result of this revision. The Government of India also addressed a further letter to the Chamber on the subject on the 7th October, 1938. Regarding the suggestion of the Chamber about reduction in Excise Duty on spirituous medicines, the Government referred to the decisions reached at the Excise Conference in November last and suggested that all representations on this subject should be made to the Provincial Governments.

Trade figures regarding Jute and Cotton in the Indian Trade Journal—On the 14th February, 1938, the Committee addressed a letter to the Director General of Commercial Intelligence and Statistics inviting his attention to the fact that in the Trade Journal under the section "Prices and Trade movements" the figures of Cotton and Jute were mentioned in different denominations i.e., at some places in tons and at others in bales. The Committee stated that it would be desirable to mention the figures relating to the same commodity in one denomination so that comparison may be facilitated and they suggested that figures of cotton and jute be mentioned in bales at all places. The Director General of Commercial Intelligence and Statistics replied on the 1st April, 1938 stating that the trade figures of raw Cotton and Jute would be published in bales of 400 lbs. each from April next.

Difficulties of Indian Traders in Afghanistan—The Committee received a letter dated the 15th February, 1938 from the Frontier Chamber of Commerce forwarding a copy of their Memorandum in connection with the grievances of the Indian traders on account of the trade policy of the Afghanistan Government and requesting for the support of the Chamber. The Committee addressed a letter on the 15th March, 1938 to the Government of India in which they traced the various steps taken by the Government of Afghanistan from 1919 onwards for eliminating the Indian traders from their dealings with Afghanistan. The Committee referred to the system of 'customs drawback' in Afghanistan in 1921-22 whereby only Afghan

subjects were entitled to get a refund of the customs duty paid at the port when the goods crossed the Indian border into Afghanistan thus depriving the Indians from this trade. The Committee also pointed out that the rates policy of the Indian Railways accentuated the process of eliminating Indian goods from Afghanistan Market. Again in 1933, a large Joint Stock Company was set up in Afghanistan which was given the Sole monopoly to import sugar, cement, petrol and motor cars. Two years later, the Afghan National Bank was given full control over the currency and exchange of the country and foreigners were forbidden to deal in certain articles. All these steps, the Committee pointed out, completely took away the trade out of the hands of the Indians but they had a considerable share in one line of business only i.e., the import of dry fruits from Afghanistan into India. However, the Afghan Government recently passed a decree whereby complete monopoly of the export of dry fruits was placed in the hands of a newly form company named "Sharkate Samar" the Afghan Dry Fruit Company. The Committee pointed out that all these restrictions including the last one resulted in Afghan Nationals taking away the trade between the two countries from the hands of the Indians.

The Committee then referred to certain irksome restrictions and civil disabilities imposed on Indian Nationals in Afghanistan by which Indians could not acquire any immovable property in that country and the Indian visitors to Afghanistan were allowed to stay only for 15 days with a permission to prolong the stay by a special license. Moreover, the Indian trader intending to leave Afghanistan had to find an Afghan surety to vouchsafe that he did not owe any debt in the country. The Committee stated that these disabilities were not imposed on other foreigners residing in or trading with Afghanistan and they greatly regretted that the Government of India should have allowed such unwarranted discrimination against Indian nationals when the Afghan nationals visiting or trading in this country were not subjected to any such restrictions. The Committee therefore urged the Government of India to make a thorough and complete enquiry into the said grievances and to take steps to secure fair and honourable treatment for the Indian Nationals in Afghanistan. The Committee stated that the Government of North West Frontier Province were taking steps to encourage the dry fruit industry in their province and the action of the Government of Afghanistan in forming a monopoly company for the export of dry fruits into India was likely to handicap the development of the same. The Committee requested the Government to protect the trade of India with Afghanistan.

On the 25th August, 1938, the Committee addressed a further letter to the Government of India stating that certain regulations were recently promulgated by the Afghan Government which required every foreigner entering Afghanistan to show to the frontier customs official the amount of foreign exchange with him. A certificate was then granted to the visitor on the strength of which he was entitled at the time of leaving Afghanistan to take with him without a special permit foreign exchange equal to that entered in the certificate. The Committee further mentioned that the exports of gold, silver and Afghani notes from Afghanistan were strictly prohibited under the special decree and permit of the Afghan Cabinet. The Committee submitted that these regulations were likely to prove prejudicial to the large number of Indian merchants carrying on trade activities in or with Afghanistan. The Committee drew attention of the Government to the fact that a large number of Afghan subjects residing in India were carrying on their trade and business in various parts of the country without any restriction being imposed by the Government of India. The Committee urged the Government to negotiate with the Afghan Government in this connection at an early date to get these restrictions removed.

Boycott of Zanzibar Cloves—On the 8th February, 1938 the Committee received a letter from the Honorary Secretary, National Council of Women in India stating that a consignment of cloves was due to arrive in Calcutta shortly and it was probable that the same would go into the market. The Hony. Secretary also referred to the resolution of the Indian National Congress and other prominent bodies boycotting cloves coming from Zanzibar on account of various restrictions placed upon Indian Nationals at that place and they urged the Committee to take steps to see that the consignment in question was not taken delivery of. The Committee, therefore, addressed a letter on the same date to the President, Calcutta Kirana Association, a body affiliated to the Chamber stating that a consignment of 300 Bags of cloves had already arrived in Calcutta in the name of some European firm. The Committee referred to the various restrictive measures placed on the Indian merchants in Zanzibar and the decision of the importers at almost all the ports in India including Calcutta to boycott the importation of cloves from Zanzibar. The Committee stated that the consignment in question was refused by the Bombay and Madras merchants and they requested the President of the Kirana Association to advise the local importers and dealers about the desirability of sticking to the decision already arrived at by them and not to take delivery of the consignment.

The Decision of the Japan Cotton Spinners' Association to issue permits for Outstanding Contracts of Cotton at Arbitrary Prices—On learning that the Japan Cotton Spinners' Association had decided to issue permits for outstanding Contracts of Cotton made in 1937 by instalments at current market rates which were in several cases lower by 10 to 30 per cent. than the original Contract prices, the Committee addressed a telegram and a letter to the Government of India on the 24th January and 27th January, 1938 strongly protesting against the practice of not issuing remittance permits at contract prices. The Committee also stated that the Japan Cotton Spinners' Association had fixed prices of Bengal Cotton at 37 Yen and of Akola Cotton at 42 Yen which were ten to thirty per cent. lower than the Contract price and that the Indian shippers were greatly perturbed on account of this step of the Japan Cotton Spinners' Association. The Committee therefore urged the Government of India to intervene in the matter for preventing such violations of trade obligations.

The Government of India replied on 29th January, 1938 stating that they had called for details regarding cotton contract prices disputes from the Indian Government Trade Commissioner, Japan, and forwarding a copy of the telegram they received in reply from the Trade Commissioner. The telegram stated that the Indian cotton exporters were, under instructions from Cotton Import Control Association, informed by their buyers that for cotton to be shipped under 1937 contracts, exchange permits would be issued at current market rates and difference between the market rates and contract prices would be allowed at some future date when exchange was available. On account of this cotton exporters were alarmed as no definite guarantee for remittance of difference was forthcoming and their deputation interviewed Exchange Control Authorities in Tokio when they were assured that provided sale transactions were proved *bona fide* exporters might ship not actual quantity shown in permit but even less if the permit amount fell short of the contracted price. The Trade Commissioner further stated that although this assurance was considered satisfactory, there was some apprehension as to the nature of the evidence that would be considered adequate by the authorities for proving the *bona fide* sale transactions. It was however explained that payment at market rates was decided by authorities as it was feared that higher prices might be fictitious and used as device for transference of funds abroad in contravention of Exchange Control Law.

✓ **Unfair Competition in the Match Industry**—The Committee have been in correspondence for some years past with the Government of India in connection with unfair competition which the Indian Match Manufacturers have to meet with from the Western India Match Company, and the Calcutta Match Works, the non-Indian concerns operating in India. The Committee again addressed a letter on 25th March, 1938 to the Government of India inviting their attention to the previous correspondence and stating that although this question of unfair competition by the foreign match concerns was raised as far back as 1935 and it was proved beyond doubt that the two foreign concerns were using their large financial resources to the detriment of the Indian manufacturers, the Government of India had not taken any steps for checking this unfair competition. The Committee pointed out that while the matter was being unduly delayed, it was understood that as many as 17 Indian factories had already closed down and if this state of affairs was allowed to continue all the Indian factories would gradually disappear. The Committee deplored the apathetic attitude of the Government of India in this matter although they had been fully aware of the unfortunate position of the Indian Match manufacturers. The Committee referred to the Report of the Indian Tariff Board on the Match Industry in 1929 when the Tariff Board stated that in case the foreign match manufacturers attempted to extend their present share of Indian market by means of unfair competition, the Government of India should be prepared to take such steps as may be necessary to safeguard the Indian industry. The Committee pointed out that the situation had greatly worsened and the sale price of 40 sticks match boxes had been considerably reduced by the Western India Match Company. The Committee therefore urged the Government of India to institute a thorough enquiry into the working of the foreign Match concerns in India and to take immediate steps in order to save the Indian match factories from ruin.

Difficulties experienced about export of Safety Matches to Nepal.—At the instance of Messrs. Pioneer Match Factory, the Committee addressed a letter to the Government of India on the 1st August, 1938, drawing attention to the difficulties about excise duty experienced by match manufacturers exporting matches to Nepal. The Committee stated that the system till now was that no excise duty or deposit was required to be paid in India for cases of matches exported to Nepal but that a certificate about payment of octroi duty in Nepal produced within a month of export was considered sufficient evidence of export outside the country and duty was recovered in

India only if such proof was not forthcoming. This system had now been altered and exporters were required to deposit a sum equivalent to the excise duty and the same was refunded when it was proved to the satisfaction of the authorities concerned that the cases of matches had been exported. The Committee also pointed out that refunds were sometimes given after as many as six to eight months and the manufacturers could hardly afford to keep so much money locked up by way of deposits for such a long time. The result of this alteration in the system of recovery of excise duty had, therefore, been that Indian manufacturers who had limited means had to stop exporting matches to Nepal while foreign match manufacturers established in India were able to continue this business on account of the vast resources at their command. The Committee requested the Government to take early steps to see that the new system was discontinued.

The Government of India replied on the 31st August, 1938, stating that the question of what evidence should be accepted as satisfactory for the purpose of Clause 31 of the Northern India Matches (Excise Duty) Supplementary Order, 1938, was under the consideration of the Government of India and that their orders will be issued in due course.

Amendment to the Northern India Sugar and Matches (Excise Duty) Orders, 1938.— On the 30th September, 1938, the Committee addressed a letter to the Government of India stating that the Finance Department Notifications No. 62 and 63 dated the 10th September, 1938, proposing amendments to the Northern India Sugar and Matches Excise Duty Order 1938, which provided for the arrest of any person against whom a suspicion might exist that he had been guilty of offence under the orders, were unreasonable and not justified, inasmuch as the powers proposed to be vested in the officers of the Excise Department were unduly large and there was a danger of their being misused to the annoyance and inconvenience of *bona fide* persons. The Committee pointed out that the authorities concerned should only be empowered to launch proceedings before a Magistrate who might issue a summons against the suspected persons. The Committee protested against the amendments and requested the Government to reconsider the same.

The Government of India replied on the 14th November, 1938, regretting that they could not accept the suggestion made by the Chamber to reconsider the amendments. The Committee thereupon addressed a letter on the 6th December 1938, to the Federation of

Indian Chambers of Commerce and Industry requesting them to take up the matter further with the Government of India.

The matter is receiving attention.

Holidays to the Excise Staff posted at Match Factories :—

The Deputy Commissioner of Excise sometime back issued a circular to the match factories proposing that no excise staff would be posted at the match factories on holidays declared as such under the Negotiable Instruments Act and all Sundays. The Circular also stated that normal arrangements for excise supervision on these days will not be made but if special circumstances arose under which factories wished to work on any of those days, a requisition of staff might be made to the Assistant Commissioner concerned at least 4 days before the holiday in question. It was further stated that in addition to the above, members of different denominations in the Excise Staff would be entitled to the special holidays of their denominations and in order that factories might not be compelled to close on all such days an endeavour would be made by the Department to provide excise supervision on such days if a requisition was made to the Assistant Commissioner, 4 days before. At the instance of Messrs. Esavi India and Pioneer Match Factories the Committee addressed a letter to the Deputy Commissioner of Excise on the 7th December 1938, pointing out that match factories already observed certain holidays under the Factories Act and if any additional holidays as declared under the Negotiable Instruments Act were imposed upon them it would prove a great hardship upon the match industry as each factory will have to be closed for about three months in the year on account of these holidays. The Deputy Commissioner of Excise replied on the 9th December 1938, stating that it was not his intention to add to the holidays already observed by the factories under the Factories Act but that in view of several cases having been brought to his notice about excise staff not having enjoyed any holiday at all since the Central Excise Department came into existence, on account of the extra working on holidays for operations such as cleaning, etc., he desired to find out if a modus vivandi could be arrived at by which excise staff might be granted certain holidays without the factories being put to any undue hardship. The Committee thereupon addressed a further letter to the Deputy Commissioner on the 18th January 1939, stating that in view of the cases mentioned by him they appreciated that excise staff might be granted certain holidays. They however pointed out that these holidays should not in any case add to the total number of holidays already observed by the factories under the Factories Act and in case any additional holidays were granted, the Department

should make arrangements for substitute staff to be posted at the factories on those days. The Deputy Commissioner replied on the 23rd January 1939, stating that he had enquired from the factories about the number of holidays observed by them at present under the Factories Act.

The matter is receiving attention.

Clause 43 of the Northern India (Excise Duty) Supplementary Order 1938—At the instance of Messrs. Pioneer Match Factory, the Committee addressed a letter to the Central Board of Revenue on the 19th January 1939, pointing out that Clause 43 of the Northern India (Excise Duty) Supplementary Order 1938 which made the employer responsible for removal by any employee of any matches in contravention of the conditions prescribed in the Order, operated as a great hardship on the employer as he was held liable under this Clause for any trifling act of theft done by any of his employees. The Committee pointed out that though the employer even in his own interest would take all precautions to stop such unauthorised removal, the cases of petty thefts could not entirely be prevented and to fix the vicarious liability on the employer for all such acts was not reasonable. The Committee recognised that some provision must be made to prevent unauthorised removal of matches in contravention of the Order but the manner devised under Clause 43 was not satisfactory as it fixed undue liability on the employer. The Committee therefore urged the Board to take early steps for an amendment of the Order in this respect. The Committee assured that the employers were always ready to co-operate with the Department in finding out the culprit when cases of such illegal removal occurred at the factories.

The matter is receiving attention.

Working of Match Factories in double Shifts—Granting of Banderols on Credit—Sampling for Assessment of Duty—

At the instance of Messrs. Pioneer Match Factory, the Committee addressed a letter to the Deputy Commissioner of Excise on the 29th November 1938, pointing out that though the Pioneer Match Factory was one of the oldest match factories on this side and was paying about 4 to 5 lacs of rupees annually to the Government by way of Excise Duty, their request for working the factory day and night in double shifts was turned down by the Excise Department. The Committee stated that when the Factory first applied for permission in this connection they were informed by the Excise Department that the factory would have to pay for the Excise Staff if it was worked

in double shifts. The Pioneer Match Factory protested against this demand and inquired as to under what rule the Department was authorised to demand extra payment for the staff. They also contended that several times previously the factory had worked double shifts both day and night but at no time they had been asked to pay for the staff. According to them if the factory produced more, the income of the Government would also be proportionately enhanced. The Committee stated that while the request of the Pioneer Match Factory in this connection was turned down, permission to work double shifts day and night was granted to the Western India Match Factory and when the Pioneer Match Factory drew the attention of the Department to the matter, they received a reply from the Deputy Commissioner that he was not prepared to discuss matters relating to other factories with them.

The Committee emphasized that all factories were entitled to get uniform treatment from Government. The Committee requested the Deputy Commissioner to go into the matter and see that no injustice was done to any factory.

The Committee also addressed letters on the 29th November 1938, to the Commissioner of Excises and Salt regarding granting of banderols on credit and sampling for assessment of duty in cases of doubt as to the average number of matches contained in a box. Regarding the first the Committee drew attention to the complaint of Messrs. Pioneer Match Factory that they were denied the facility of banderols being given to them on credit though the same had been granted to other match factories. As regards the second the Committee described certain instances of sampling carried out at the factory of Messrs. Pioneer Match Factory at Dum Dum which appeared to have caused undue harassment to them.

The Commissioner of Excise replied on the 7th December 1938, stating that the questions raised by the Chamber were receiving his attention.

Limitation of War risk cover on cargo in transit—At the instance of Messrs. Gangjee Sajun & Co., the Committee addressed a letter to the Government of India on 3rd February, 1938, drawing their attention to the terms of the agreement entered into in London by all Marine Under-writers, by which the War risk cover on cargo in transit had been limited to the period from the time the interest was loaded on the Overseas vessel until the same was dis-

charged from the vessel or until the expiry of 15 days from the day on which such a vessel was duly anchored or moored at the port of destination, whichever occurred first. The Committee pointed out that such a curtailing of the responsibility of the under-writers for War risks to the period for which the goods were on board a vessel was much against the interests of the commercial community. The Committee further pointed out that the shippers had paid war risk premiums for a number of years even when there was no immediate apprehension of War and they were of the opinion that such an attitude of the under-writers at present was not justified. The Committee therefore urged the Government of India to move in the matter and to see that underwriters did not shake off their responsibility in such a way to the detriment of the shippers.

The Government of India replied on the 15th June, 1938 stating they had no power to interfere in the matter of the terms included in insurance policies by under-writers in the United Kingdom. The Government added that they were forwarding a copy of the Chamber's letter to His Majesty's Government in the United Kingdom for such action as they considered necessary.

Enquiry by the Tariff Board into the Question of production to the Sericultural Industry in India—The Government of India by their resolution dated the 9th April, 1938 directed the Tariff Board to examine the question of the protection enjoyed by the Sericultural Industry and to report what protective measures, if any, should be continued after the 31st March, 1939, when the protection accorded to the industry by the Indian Tariff (Textile Protection) Amendment Act 1934 determined. The Committee considered the resolution and resolved that information be obtained in the matter. On the 24th May, 1938 the Tariff Board forwarded a detailed questionnaire regarding the Sericultural Industry to the Chamber and invited views upon the same. On the 15th June, 1938 the Tariff Board forwarded a questionnaire for importers and traders in silk.

The Committee replied on the 23rd July, 1938 pointing out that the Sericultural Industry which had developed in various parts of the country, principally in Bengal, Mysore, Assam and Kashmir was essentially a rural industry. The Committee stated that while in Bengal before the onset of depression there were 33451 rearers and 17555 acres under mulberry, by 1933-34 the number of rearers had

fallen to 18592 and the Mulberry area to 10032 acres, and in 1936-37, the number of rearers and acreage under mulberry stood at 15180 and 9448 respectively. The Committee pointed out that in other parts of the country also the same tendency was noted. According to the Committee, the depression in the price of silk was one of the main reasons for the setback the industry had suffered during the past several years. The most important factor on account of which such uneconomic prices prevailed was the competition of foreign countries. The Committee gave various figures and pointed out that in the face of such severe foreign competition the indigenous industry was hardly able to subsist. The Committee referred to the report of the Department of Industries Bengal, and stated that the fact that the Industry existed in such hard times of competition was mainly due to the profession of silk worm rearing being pursued by labour which was otherwise unproductive and would have remained unemployed. The Committee also referred to the various improvements effected in the industry during the past few years and stated that sufficient time should be allowed to the industry to reap the benefits of the improvements. The Committee emphasised that in view of the important place the industry occupied in the rural economy of the country, the existing protection of the industry should be continued for a further period of 10 years.

Indo-British Trade Negotiations—On the 6th June, 1938 the Committee addressed a letter to the Government of India regarding the conversations in Simla between the non-official Advisers to the Indian Delegation and the Lancashire deputation with a view to arrive at an agreement satisfactory to the cotton industry of the two countries, as a preliminary to the conclusion of the Indo-British Trade Agreement. The Committee urged the Government to publish immediately the report of the non-official Advisers regarding the breakdown of the negotiations. The Committee pointed out that while the leader of the Lancashire deputation had made a statement before his departure from India giving the views of his delegation regarding the failure of the two parties to come to an agreement, they failed to understand why the Government of India had not yet considered it advisable to publish the report of the non-official Advisers submitted to them. According to the Committee it was essential that the public and the mercantile community in particular should be in full possession of the facts regarding the breakdown of the recent Simla negotiations in order to enable them to form a correct idea of the reasons for the breakdown. The Committee also viewed with concern the future course of the negotiations and emphasised that

though the Hon'ble Sir Zafarulla Khan had proceeded to England, no decision should be reached or agreement arrived at without the knowledge and consent of the non-official advisers. The Committee also criticised the policy of the Government of India in allowing the Ottawa Preferences to continue, even though the agreement had been terminated. The Committee urged that the Government should now forthwith cancel the preferences granted directly or indirectly under the Ottawa Agreement. The Government of India replied on the 20th June, 1938 stating that the views expressed by the Chamber were noted by them.

The Committee addressed a further letter to the Government of India on the 2nd December 1938 requesting them to take immediate steps for the termination of the preferences granted under the Ottawa Agreement which continued against the explicit wishes of the India Legislature and the public opinion. The Committee also enquired about the effects of the recent Trade Treaty between Great Britain and U. S. A. on Indo British Trade Negotiations and protested against such one sided and unfair arrangements whereby India continued to be indefinitely bound by the Ottawa Agreement while Britain was all along at liberty to effect unilateral changes in the Agreement whenever it suited her to do so. The Government of India replied on the 17th December 1938 referring to the answers given in the Legislative Assembly to certain questions raised on the subject from time to time. The replies indicated that it was the intention of the Government not to continue the Ottawa Agreement beyond the end of the next Budget Session. Regarding the effect of the Anglo American Trade Agreement the replies pointed out that the preferences on Indian wheat of Sh. 2/- per quarter in the U. K. had been abolished and the preference on rice had been reduced from 1d. to 2/3d. per lb. The margin of preference accorded by Ceylon to India and other Empire countries on certain articles like dried fruits and tanks and drums of iron and steel was also reduced from 10% to 5%. The Government further stated that the modifications were to take effect from 1st January 1939. The Committee thereupon addressed a further letter to the Government on the 19th January 1939 expressing their objection at the Government of India agreeing to any modifications in the Ottawa Agreement during the pendency of the Indo British Trade Negotiations without consulting even the unofficial advisers in the matter.

✓ **Import Duty on Foreign Wheat.**—Learning that the Government of India proposed to levy Import Duty on foreign wheat with immediate effect from the 7th December 1938, the Committee sent a

telegram to the Government on the 10th December 1938 stating that such a proposal will cause great loss to trade and dislocate business in wheat as traders had made large forward contracts for Australian wheat and hedged Indian wheat instead owing to no action having taken by the Government on earlier representations for levying Import duty. The Committee urged that forward contracts should be exempted as was done on similar occasions, in 1931.

Compulsory marking of count and weight on yarn sold and modification in the existing scale of tolerances and allowances.

The Government of Bengal wrote to the Chamber on the 2nd December 1938 forwarding a copy of the letter dated the 3rd November 1938 addressed by the Government of India to the Provincial Governments regarding compulsory marking of count and weight on yarn sold and modification in the existing scale of tolerances and allowances in respect of counts, length of hanks etc. of yarn. The Government of India had stated in their letter that representations made by the commercial bodies in the matter of cotton yarn raised the following two issues:—

- (1) That the count of yarn and the net weight in pounds of yarn should be required to be stamped on all grey and bleached yarn bundles marketed in India (other than yarns made wholly of waste) ;
- (2) That the scale of allowance and tolerance for cotton yarn laid down in the Government of India Notification dated the 13th November 1891 may be modified in certain respects.

As regards (1), the proposal relating to the compulsory marking of count and weight on bundles of cotton yarn had, according to the Government, already been examined by Mr. Nehru in his Report on the proposals for the revision of the Merchandise Marks Law and the Government of India therefore, proposed to await the opinion of the provincial Governments and commercial bodies in the matter before considering what further action should be taken in this connection. Mr. Nehru, it may be pointed out here, had stated in his Report that he cannot recommend any change in the law as regards the stamping of bundles of cotton yarn with a quality mark but he was however of the opinion that it would be useful to require both imported and Indian yarn to be marked with an indication of the count and weight of each bundle. Such a provision, he maintained, although will not suffice by itself to protect the consumer against misrepresentations and fraud, would benefit him indirectly by placing on the manufacturer the obligation of giving a correct description of the goods.

As regards (2), the Government were of the opinion that this matter was regulated by the provisions of Section 16 of the Indian Merchandise Marks Act 1889 and they considered that it should be pursued independently of the proposed general revision of the Law. The scales of allowances, the Government further stated, for cotton yarn were at present laid down in respect of (a) variations in counts (b) weight in bundle (c) length of hanks and (d) the number of knots per bundle. The Bombay Millowners' Association had suggested certain modifications in these scales and the Indian Merchants' Chamber, Bombay, while supporting these proposals in principle, had put forward some of their own suggestions for modification of the existing provisions. The Southern India Millowners' Association had also made suggestions that the Merchandise Marks Law be so altered as to allow the marking up of bundles of any weight with any number of knots in the bundle to meet the requirements of particular trade and not to insist upon any definite number of knots per bundle as referred to in Rule 41 of Part 3 of the Manual which applies only in the case of 5 or 10 lbs. bundles.

The Federation of Indian Chambers of Commerce and Industry also forwarded the papers in this connection and invited the views of the Chamber in the matter.

The matter is receiving attention.

Export of Tea from Cutch Mandvi and other Kathiawar Ports—At the instance of Messrs. Gangjee Sajun & Co., the Committee addressed a letter to the Government of India on the 7th April, 1938 referring to the difficulties experienced by merchants holding tea with 'export rights' on account of the unauthorised re-exports of tea from certain ports in the Maritime States of Kathiawar and particularly from the port of Cutch Mandvi. The Committee stated that according to the scheme of International Tea Regulation, no tea was allowed to be exported unless accompanied by 'export rights' and that producers of tea in India were granted export 'rights' for specific quantities, which were bought by merchants together with 'export rights' for exporting the same to foreign countries. The Committee further stated that the merchants had to pay As. 5-6 to As. 6 per lb. more for consignments purchased for exports. Moreover the 'export rights' were valid from year to year and expired on 30th June each year and if any merchant was unable to export the whole quantity during a particular period, he lost the 'export rights' for the unexported balance which he would have to sell in the country thus putting him to a considerable loss. As regards exports of tea to Indian ports, the Committee pointed out

that no 'export rights' were required but a guarantee was taken from both the consignors and the consignees that no part of the consignments would be re-exported to any foreign country. But, the Committee stated, that recently thousands of cases of tea had been exported from Kathiawar Maritime States and Cutch Mandvi ports to foreign markets on the Persian Gulf and the Red Sea, in contravention of the export regulations, and that there was an enormous increase in the exports of tea from Calcutta to Cutch Mandvi and Kathiawar ports, the increase being as much as 300 per cent. The Committee pointed out that as a result of these unauthorised exports, the merchants holding tea with 'export rights' were unable to sell their quota to the consuming markets and they were put to considerable loss because the 'export rights' balance quantities left over un-exported with the merchants on the 30th June, were automatically cancelled. The Committee, therefore, urged the Government of India to take immediate steps in order to put a stop to this illicit traffic in tea or failing that not to allow export of tea to the Kathiawar and Cutch Mandvi ports without 'export rights' and treat them at par with foreign ports. On the 31st May, 1938, the Committee again addressed a telegram to the Government of India in this connection stating that they had learned that Cutch State very recently imposed, a duty of As. 1-6 per lb. on tea which was inadequate to stop illicit traffic as re-exports of tea from foreign countries to Cutch would continue, because it would still be As. 3 per lb cheaper to export tea from Cutch than from any other port in India. The Committee, therefore, strongly urged the Government to stop exports of tea to Cutch and Kathiawar States ports unless under 'export rights.'

The Government of India issued a Notification dated the 11th June, 1938, in which it was stated that the Government had restricted the export of tea out of British India to Cutch to consignments covered by permits granted by the Indian Tea Licensing Committee provided that the restrictions would not apply to tea proved to the satisfaction of the Customs Officers concerned to have been imported into British India from ports outside India.

The Committee thereupon addressed a letter on 17th June, 1938 to the Government of India expressing satisfaction at the action taken by the Government in this matter and enquiring as to the detailed arrangements, whereby the export of tea to Cutch from British India was to be regulated. The Committee, however, felt that perhaps the export of tea to Cutch might be regulated on the basis of the demand for local consumption there and they pointed out that such regulations

would hardly have any effect on the unauthorised re-exports of tea from Cutch to foreign ports as imports of foreign tea into India were not regulated. The Committee further pointed out that it would be very easy for merchants in Cutch to import foreign tea for local requirements and to re-export the quantity received from British India to other foreign parts. The Committee emphasised that in whatever arrangements that the Government might make in this connection, no loop-hole should be allowed to remain and that exporters of tea in British Indian ports should not be put to unnecessary losses as a result of the continuance of the unauthorised re-exports of tea. The Committee also stressed the necessity of extending the regulation to all Western Maritime States Ports also.

The Government of India replied on the 20th June, 1938 stating that the detailed procedure to be followed for regulating exports of tea to Cutch and the amount of tea that should be permitted to be sent to Cutch had been settled by them in consultation with the Indian Tea Licensing Committee who had advised all the interested sections of trade of these arrangements. As regards the Kathiawar Maritime States, the Government of India stated that these States agreed during the original tea restriction scheme to permit exports of tea from their State ports, only when such consignments were covered by export licenses issued by the Indian Tea Licensing Committee. As this arrangement, the Government added, had been found to be generally satisfactory, the Government of India had taken up the matter with the Kathiawar Maritime States with a view to the continuance of the arrangement during the renewed control scheme.

On the 7th July, 1938 the Committee received a letter from the Indian Tea Licensing Committee, forwarding a copy of their circular in which it was stated that the Government of India had passed orders limiting exports of tea from British India to Cutch to 3,00,000 lbs., that quantity being considered as sufficient for the internal consumption of tea in that State. It was further stated that all such exports were subject to permits issued by the Indian Tea Licensing Committee which would issue the same monthly for the export of tea to the extend of 25000 lbs., and exporters would be asked to declare at the beginning of each month as to what exactly their requirements during a particular month would be. The Licensing Committee would then allocate to each applicant a pro-rata-share and the permits would be granted by the Committee on the amount so determined. Any amount not utilised in one month might be carried forward to the next month's permissible exports but not from one financial year to another. It

was also stated in the circular that since permits had been already issued for the export of over a million pounds of tea to Cutch, the Central Government had agreed that no further tea exports to Cutch would take place prior to the 1st April, 1939.

Tariff Board's Reports on Sugar Industry—On 7th May, 1938 the Committee addressed a letter to the Government of India regarding undue delay in the publication of the report of the Tariff Board on the question of protection to the Sugar Industry. The Committee stated that the Tariff Board submitted their report in December, 1937 and it was expected that the same would be published in February, 1938 simultaneously with the announcement of the budget proposals of the Government of India. The Committee regretted that these expectations of the Commercial Community and the Industry concerned did not come true. Meanwhile, the present level of protection to the Sugar Industry had been extended up to March, 1939 by the Sugar Industry Protection (temporary extension) Act and the Committee felt that the publication of the report might be still further delayed. The Committee pointed out that the Sugar Industry was in process of continuous development and the recommendations of the Tariff Board based on the evidence taken in the year 1937 would be out of date if the publication of the report was further delayed. The Committee also failed to understand as to why the Government of India had delayed the publications of the Reports of Tariff Board in the past also till the documents became too out of date to be useful. The Committee therefore urged the Government of India to take early steps to issue the Tariff Board report on the Sugar Industry.

The Government of India replied on the 19th May, 1938, stating that the views of the Chamber in the matter were noted by them. On the 13th August, 1938 the Committee addressed a telegram to the Government of India pointing out that the Sugar Industry was anxiously awaiting the recommendations of the Tariff Board on the various important problems facing it. The Committee strongly objected to the reported withholding of the Report till the Budget Session and presenting a *fait accompli* giving no opportunity to the interests concerned to consider the recommendations and appraise the Government with their views on the same. The Committee invited the attention of the Government to the recommendation of the Fiscal Commission about immediate publication of the Reports of the Tariff Board and requested the Government to publish the Report of the Sugar Tariff Board immediately. The Government

of India replied on the 17th August, 1938, stating that the Committee of the Chamber appeared to be under a misapprehension as to the practice of the Government of India in the matter of publication of the Reports of the Tariff Board. The Government of India pointed out that these reports were not published in advance of the conclusions of the Government on the recommendations contained therein which in the meantime were strictly confidential and the Government contemplated no departure from this procedure in regard to the report on the Sugar Industry which, they said, was still under consideration. The matter is receiving the attention of the Committee.

Indian Tea Control Rules, 1938.—At the instance of Mr. D. C. Ghose, the Committee addressed a letter on the 1st September, 1938, to the Government of India regarding the Indian Tea Control Rules, 1938. The Committee regretted that the Government of India did not circulate these rules in a draft form for the consideration of the Industry and the interests concerned. The Committee stated that there were certain inconsistencies in the Rules now made by the Government under Section 10, 23 and 27 of the Indian Tea Control Act, 1938, and that these should be remedied. The Committee suggested that an amendment to the rules so that special hardship allowances once given on the merit of each application might not be disallowed at any time, should be made. The Committee also pointed out to the necessity of making Rule 4B(2) clear so that no deduction higher than that provided in Schedule II could be made and in cases where estates could show *bona fide* record of lower scale of deductions such estates should get proportionate benefit i.e., deductions in such cases might be lower than that contemplated in Schedule II of the 1938 Rules. In any case, the Committee emphasised it should be clear that the scale under Schedule II of the Rules was the maximum deduction that the Licensing Committee was empowered to make. The Committee also believed that the wide powers given under Rule 7 of the Rules to the Licensing Committee were contrary to the specific provisions of the Act. The Committee further pointed out that the figures of maximum allowances indicated in Schedule I of the Rules were not satisfactory. The Committee suggested that the Government should discuss the provisions of the Rules with representatives of Commercial bodies with a view to remove any undue hardship caused to any estate by the operation of the Rules.

Difficulties experienced by merchants in despatching goods to Nepal.—At the instance of Messrs. Kassim and Ismael, the Committee addressed a letter to the Central Board of Revenue on

the 7th September, 1938, drawing attention to the difficulties experienced by importers of goods for transmission to Nepal on account of the Customs Notification dated the 8th March, 1938, disallowing refund of security deposits in cases of seals on packages being found broken or missing at Kathamandu. The Committee pointed out that goods imported for transmission to Nepal were not charged import duty on Indian Ports and the security deposits were returned when imported goods were despatched to Nepal. The Customs Notification, however, disallowed such refund if the original seals on these packages were found broken or missing at Kathamandu. The Committee pointed out that during the transit of goods from the Ports to Kathamandu it was extremely difficult to keep the seals intact and in a large number of cases, the seals were broken. The Committee suggested that at least the British authority at Nepal should be instructed to examine the contents of the packages even if the seals were broken and to certify whether they conformed with the shipment samples and the invoices forwarded to him by the Customs authorities, at the ports. The Central Board of Revenue replied on the 14th September, 1938, stating that the Government of India had already decided as an experimental measure that in the case of packages arriving in Kathamandu with seals broken, the security deposit should be refunded if the claim for refund was otherwise in order or supported by His Britannic Majesty's Envoy Extraordinary and Minister Plenipotentiary at the court of Nepal.

Amended Schedule of fees to be charged by the Tribunal of Arbitration of the Chamber—On the 29th July, 1938, the Committee resolved that the scale of fees referred to in Rule 27(1) of the Rules of the Tribunal of Arbitration of the Chamber be amended. The Arbitration fee in each single dispute was fixed at Rs. 64/- out of which 25 per cent. is to be paid as fees to the Chamber and the balance as fees to the Arbitrators. A fee of Rs. 8/- to the Chamber plus the Court Fees was fixed to be paid by the party requiring the Award to be filed. A fee of Re. 1/- is to be paid for each certified copy of an award. Stamp fees should be paid in all cases in accordance with the scale of stamp duties for the time being in force. The fees for settled or withdrawn cases as also for special cases stated for the Court were also fixed.

Tariff Values of various articles.—The Director General of Commercial Intelligence and Statistics invited the views of the Chamber on the question of tariff values

of carbazole blue, celluloid bangles, dark coloured crown cork glass bottles, packing and wrapping papers and changes in the tariff values of certain articles. He stated that it had been proposed that the Tariff Valued head "carbazole blue" appearing under item No. 31 of the Customs Tariff be amended to read "carbazoles" so that all dyes of the varieties may be assessed under the heading. Regarding celluloid bangles, it was proposed to assign a tariff value to this type of bangles as well as to the type known as passa. Regarding tariff value for dark coloured crown cork glass bottles, it was proposed to assign a separate tariff value per gross of these bottles under the Customs Tariff. Regarding the tariff value of packing and wrapping paper, kraft and imitation kraft, it was proposed to amend the existing head "kraft and imitation kraft" to "kraft and imitation kraft other than bleached" in order to avoid ambiguity. The Committee replied that they had no views to offer in the matter. Regarding the tariff value of packing and wrapping paper, the Committee agreed with the proposal of the Director General to amend the existing head to "kraft and imitation kraft, other than bleached."

The Director General also invited the views of the Chamber on the Tariff Values for silk piecegoods, Japanese filatures and brass patent or yellow metal, including gun metal.

Regarding the latter, it was stated that imports of gun metal into British India were negligible and its value was higher than those of brass patent or yellow metal with which it was grouped at present. It was, therefore, proposed to delete the words and brackets "(including gun metal)" from these tariff valued heads and make gun metal ingots and old gun metal assessable on *ad valorem* basis. The Committee replied stating that they had no views to offer regarding the tariff values of silk piecegoods and Japanese filatures. Regarding gun metal, however, they pointed out that the reason for low imports of gun metal into British India was that gun metal borings and scraps were imported under the name of brass scraps as they were so called in the market. Moreover, the Committee understood that the price of gun metal was practically equal to that of brass or yellow metal and if the same was kept so as to differ from that of the latter, there was a likelihood of the merchants being unnecessarily harassed by the Customs Authorities as the two metals were similar in appearance. The Committee, therefore, opposed the proposal to make gun metal ingots and old gun metal assessable under a new head at *ad valorem* basis.

The Director General of Commercial Intelligence and Statistics wrote to the Chamber on the 3rd June, 1938 stating that it was proposed that the Tariff Value for Pig Iron should be abolished and the article assessed on an *ad valorem* basis as imports into India of this commodity were small and the imports that took place consisted only of a special quality of pig iron. The views of the Chamber being invited on this proposal, the Committee replied on the 14th July, 1938 stating that they had no objection to the abolition of the Tariff Value for Pig Iron and assessing the article on an *ad valorem* basis.

Annual Revision of Tariff Values.—The Director General of Commercial Intelligence and Statistics forwarded to the Chamber on the 28th October 1938 a copy of the provisional tariff rates for 1939. Representatives of the Chamber were also invited to discuss the rates with him. On the 21st November 1938 the Secretary along with the representatives of certain member firms met the Director General and explained the suggestions received from members regarding the provisional rates. As regards item No. 9 (3)—Cloves—it was suggested that cloves should be classified under two heads as coming from Zanzibar and Madagascar respectively and that separate tariff values be fixed for each. It was also pointed out that the proposed increase in the tariff value for 1939 was not justified in-as-much-as the rise in the prices of cloves during the previous twelve months was due to the boycott of Zanzibar cloves and that ever since the boycott was lifted the prices had come down to the normal. Regarding the separate entries in the Import Tariff of Cloves from Zanzibar and from Madagascar, the Director General pointed out that the question should have been raised earlier in the year preferably in May or June.. As regards the tariff value he promised to re-examine the position.

It was also suggested that the presence of about 20% chits in betel nuts should be taken into consideration while fixing the tariff value for betel nuts and that the tariff value proposed to be fixed for cassava was very high. The proposed increase in the tariff value for soda ash was also opposed to. A written note was also submitted about the tariff values proposed for Aluminium circles and sheet. The position in the matter was explained by the representatives of Messrs. Jeewanlal (1929) Ltd. who had accompanied the Secretary for the interview.

The Director General promised to look into the matter carefully and to revise the tariff values if necessary.

PUBLIC AFFAIRS

Nomination of Jute interests on the Board of Howrah Municipality.—At the instance of Messrs. Surajmull Nagarmull, the Committee addressed a letter on the 11th January, 1938 to the Government of Bengal stating that previously two seats on the Board of Howrah Municipality were reserved for the Jute Industry to be filled in by nomination by the Government and that for the last 12 years these seats were filled up by representatives of the Ganges Jute Manufacturing Company Limited and Howrah Jute Mills Company Limited. The Committee pointed out that although there were several Jute Mills on the Northern side of Howrah having as much commercial importance as the mills on the Southern part and with the completion of the new Howrah Bridge the Northern side mills were likely to acquire still greater importance no representative had been selected from these Northern side mills and it was necessary that their claim should be given due consideration by the Government of Bengal. The Committee hoped that the Government of Bengal would appoint a representative from the Northern Mills on the Board of Howrah Municipality at the forthcoming election for the Municipality.

Difficulties experienced by Kathiawar Ghee Merchants in connection with the Corporation Ghee Test.—The Committee received a complaint from the Kathiawar Ghee Merchants' Association, Calcutta, stating that the Calcutta Municipal Corporation did not pass Kathiawar ghee and declared it to be adulterated although the ghee was superior in quality as compared to the local ghee. The Association further complained that the Standard for ascertaining the purity of ghee in Bengal was based upon local ghee which was of lower density and contained lesser fat, but Kathiawar ghee which was from cows and buffaloes in Kathiawar well-fed and well-nourished, could not stand this test because it was of greater density. The Ghee Association supplied two bottles of ghee which were sealed by the Corporation of Calcutta and were declared by the Food Inspector of the Corporation to be adulterated and not fit for human consumption. The Committee got these samples examined by the Chief Health Officer of the Bombay Corporation who remarked that the Ghee was

perfectly genuine and there was no objection to the sale of such stuff in the Bombay Market. The Committee thereupon addressed a letter on the 23rd March, 1938 to the Chief Executive Officer, Calcutta Corporation inviting his attention to the difficulties experienced by the importers of Kathiawar ghee and enclosing a copy of the Test Report from the Municipal Corporation, Bombay, certifying Kathiawar ghee as genuine although the same ghee was declared adulterated by the Food Inspector of the Calcutta Corporation. The Committee stated that they were unable to understand as to why the same ghee which could be freely sold in Bombay Market and was found to be genuine by the test carried out by the Bombay Municipality, could not be allowed to be sold in Calcutta. The Committee stated that the only plausible reason for the position was that as Kathiawar ghee contained more fat owing to tropical conditions it might not be passed by the Calcutta Corporation whose test was based on a lower fat content. As there was a large trade in ghee from Kathiawar the Committee felt that this difficulty of the importers of Kathiawar ghee should be removed and an alteration of the present test might be made, if necessary.

On the 19th September, 1938 the Committee addressed a further letter to the Mayor of Calcutta on the subject. The Committee reiterated the facts of the complaints and stated that the reason for the same quality of ghee which was found genuine by the tests carried out by the Bombay Municipality being not allowed to be sold in Calcutta was the divergence in the standards enforced by the Calcutta and Bombay Corporations. The Committee suggested that the standard for adjudging the purity of ghee enforced by the Calcutta Corporation should be altered, if necessary. The matter is receiving the attention of the Committee.

Prevention of Adulteration of Ghee—On the 2st December 1938, the Committee addressed a communication to the Government of India drawing the latter's attention to the growing practice of adulteration of ghee. Though ghee was one of the most important nutritious articles used in Indian diet, it was practically impossible to purchase unadulterated ghee in the open market particularly in the larger cities. The chief articles generally used for adulteration, it was pointed out, were hydrogenated vegetable oils such as groundnut oil, cocoanut oil and cotton seed oil. Some of these products were produced in the country while considerable quantity was being annually imported

from foreign countries, and the Committee understand that 90% of these total supplies was used for adulteration of ghee.

The Committee further observed that various Provincial Governments had prescribed tests for genuine ghee but the prosecutions on the basis of these tests were few. According to the Committee a part of the difficulty in checking adulteration was thus due to the lax-administration of the law but the absence of quick and reliable methods of detecting adulteration was also responsible for the widespread practice as it was apparent that the physical and chemical tests applicable to ghee could only be used to ascribe an assumption of purity to the tested sample and not as absolute guarantee of purity. If therefore adulteration of ghee was to be easily detectable, further measures should be enforced to enable even a layman to distinguish easily between the genuine and the adulterated stuc. The Committee referred to the suggestion made by the Ghee Conference convened by the Government of India in September 1937 for the compulsory colourisation of articles used as adulterants of ghee and mixing of a certain percentage of sesamum oil with all vegetable products. The Committee inquired as to what steps the Government of India had taken on the suggestions made in the Conference.

Share Capital of the Indian Trans-Continental Airways Limited.—The attention of the Committee having been invited to the fact that the agreement which the Government of India had entered into with the Indian Trans-Continental Airways was to come to an end in the year 1939, the Committee addressed a letter to the Government of India on the 17th March, 1938, stating that the Government of India should not renew the Agreement on the present basis whereby the Imperial Air ways had a majority of capital in the concern but the Government should definitely lay a stipulation that the controlling interests of the Trans-Continental Airways should be in the Indian hand. The Committee referred to the statement of Sir George Schuster, the then Finance Member, at the meeting of the Standing Finance Committee held on 14th March, 1929 to the effect that not less than 75 per cent of the voting rights in the Trans-Continental Airways would give the Government the control desired over the affairs of the Company and he further explained the method by which 75 per cent of the voting rights might be secured while the Government needed to find only 50 per cent of the capital.

The Standing Finance Committee agreed at that time to place the following stipulations at the time of the renewal of the agreement with the Indian Trans-Continental Airways Limited:—

- (1) 75 per cent of the voting rights in any company working the Contract should be owned by the Government.
- (2) Not less than 3/5ths of the Directors of the proposed Company should be Indians.
- (3) The appointment of Directors should be subject to the approval of the Government.

The Committee further stated that the above proposals were fully supported by the Chamber in its letter dated 29th December, 1931 and the Federation of Indian Chambers of Commerce also adopted a resolution in their annual session in March 1932 urging the Government not to relax these conditions on any account. The General Purposes Sub-Committee of the Indian Retrenchment Advisory Committee appointed in 1931 recommended that the Government of India should not allow any non-Indian conducted Service to start the Indian link in the East and West through Air run but they should unhesitatingly inaugurate the Indian State Air Service if necessary. The Committee regretted therefore to note that the Government of India concluded an agreement in 1933 with the Imperial Airways Limited, assigning major portion of the capital to them and thus establishing the control of non-Indian interests in this key industry. The Committee then referred to the observations of Sir Frank Noyce during the debate on this question in 1933 that "it is a very important point and that is that these arrangements are subject to the provision that in 1939 the Government of the day will be at perfect liberty to re-consider the whole position," and urged that the whole question should now be considered in view of the recent inauguration of an All-Up Air Mail Service. It was understood, the Committee stated, that the Indian Trans Continental Airways would cease to operate between Karachi and Singapore, that their operation would be transferred to the England-Calcutta Service, that the capital of the Company would be increased from 10 lakhs of rupees to 32 lakhs of rupees and that the Company would purchase half the fleet of Armstrong Whittwork Ensigns while the capacity ton miles would be increased from 750,000 to 3 million ton miles a year. The Committee therefore hoped that the Government of India would consult

the Indian Legislature before taking any action in this matter and would avail of this opportunity of building a strong and efficient Air Service throughout India and that Indian capital would be given an opportunity for being invested in the Aviation Industry.

The Government of India replied on the 29th April, 1938, that the arrangements for the operation of the Karachi Singapore route and the reasons for assigning 51 per cent. of the capital of Indian Trans-Continental Airways, Ltd., to the Imperial Airways Ltd., were discussed in the Legislative Assembly on the 20th September, 1933 and accepted by that body. These arrangements, the Government further stated, were due to expire in 1939 but they had now been replaced by the arrangements for the operation of the Empire Air Mail Scheme, which were placed before the Standing Committee and were accepted by it at its meeting on the 27th February 1937, and were subsequently formally approved by the legislature which accepted the necessary demand. The Government further stated that 25 per cent of the capital of Indian Trans-Continental Airways is held by the Indian National Airways Ltd., which is a public Company and as the Capital of the Indian Trans-Continental Airways will be considerably increased under the new agreement and subscribed by the existing shareholders in proportion to the present holders, the Indian public will get an opportunity of subscribing to this increased capital. The Committee thereupon further wrote to the Government of India on the 4th June, 1938, regretting that new arrangements with the Imperial Airways had already been concluded by the Government as a part of the Empire Air Mail Scheme long before the expiry of the old agreement. The Committee pointed out that what the Indian commercial community had always insisted upon was not merely that opportunity should be available to the Indian public for subscribing to the share capital of the Company but also that the controlling interests in the Indian Trans-Continental Airways should be in Indian hands and not in those of Imperial Airways. Regarding the plea put forth by the Government that the arrangements were placed before the Standing Finance Committee and were accepted and subsequently formally approved by the legislature, the Committee pointed out that three members of the Finance Committee, Messrs. Asaf Ali, Sait and Gadgil, dissented from the proposal and as for the approval by the Legislature, it was simply a formal voting of the grant. The Committee took serious exception to the decision of the Government which tends to

create and consolidate new non-Indian vested interests in a vital sphere which is of defensive, no less of economic value.

Grievances of merchants in connection with Howrah Grain Market.—The Indian Produce Association forwarded the correspondence that they had with the East Indian Railway regarding various inconveniences caused to the Merchants at the Howrah Market and requested the Chamber for doing the needful. The chief inconvenience according to the Indian Produce Association, was that the tin roof of the market leaked during the rain and became very hot in the summer season. Moreover, there were no adequate arrangements for light, the space in the market was limited and there were several other minor difficulties also. The Committee referred the matter to Mr. Faizulla Gangjee representative of the Chamber on the East Indian Railway Local Advisory Committee for being taken up at the Railway Advisory Committee Meeting.

Mr. Faizulla Gangjee wrote on the 29th April, 1938 stating that the grievances of the Indian Produce Association were fully discussed at the meeting of the Advisory Committee of the Railway held on that day and the Agent of the Railway had agreed to meet with all the requirements of the Indian Produce Association provided the Association agreed to pay for all extra costs incurred by the Railway. It was further stated that the Divisional Superintendent, Howrah, would discuss the matter with a representative Committee of the Grain Merchants Association who would be in a position to guarantee the payment of all expenditure incurred by the Railway. This information was conveyed to the Indian Produce Association.

Contract for the Supply of labour to the Port Commissioners.—On learning that the question of renewing the contract for the supply of labour with Messrs. Bird and Company was receiving the attention of the Port Commissioners, the Committee addressed a letter on the 30th March, 1938 to the Commissioners for the Port of Calcutta stating that Messrs. Bird and Company were understood to have offered to increase the rebates by 2- per cent with effect from 1st April, 1938 for their labour contract which was due to expire on 31st March, 1938 if the Port Commissioners would renew the contract for a further period of 8 years i.e., upto 31st March, 1947. The Committee pointed out that Messrs. Bird & Co., had this contract for about half a century without any tenders being invited for the contract and even in 1934 when the question was discussed

representatives of commercial bodies and of the two important railways disagreed with the proposal of renewing the contract with Messrs. Bird & Co., and recommended tenders for the same. The Committee regretted that even before the expiry of the present contracts attempts were being made to get a renewal for a further period of 8 years on the temptation of a small increased rebate only. As regards the objection that might be raised that inviting tenders might lead to reduced wages being paid to labourers, the Committee pointed out that the Port Commissioners might make a stipulation for the payment of certain fixed scale of wages to labour while inviting tenders. As regards loss of efficiency if the contract were given to another firm, the Committee pointed out that such an argument could easily be made a ground for a permanent monopoly and that there was hardly any fear of any appreciable loss in efficiency as most of the labour forces would remain unchanged even under a different contractor. The Committee referred to a similar objection raised at the time of introducing the system of inviting tenders in coal raising contracts in respect of the Railway collieries but they stated that the system had been working very well. The Committee felt that the only loss to the Port Commissioners in not accepting the present proposals of Messrs. Bird & Co., would be to the extent of Rs. 20,000 in the year 1938-39, but they pointed out that the same would be more than compensated by reduction in the total expenditure of the Port Commissioners under this head, for if the tenders were invited, not only Messrs. Bird & Co., might quote lower rates but even other firms of contractors should be found to perform the necessary work for lower remuneration. The Committee, therefore, strongly urged that the contract with Messrs. Bird & Co., for the monopoly of labour should not be renewed now and that tenders should be invited in the usual course at the time of the expiry of the present contract.

On the 2nd August, 1938 the Committee addressed a further letter to the Commissioner stating that this important contract was given away during the last 50 years to the same concern without tenders being invited for the same. The Committee pointed out that the question of the renewal of this contract for the next 8 years as proposed was very important particularly as it involved a large sum of nearly Rs. 180 lakhs. The Committee also stated that the charges paid by the Port Commissioners for labour constituted one of the few big items which were flexible and where a saving could reasonably be effected. The Committee therefore emphasised that open tenders should be invited for the contract.

The Port Commissioners have however, it is learnt, given the contract again to Messrs. Bird & Co., for a further period of 8 years.

Appointment of an Indian as a Chairman of the Bombay Port Trust.—On learning that Sir Gilbert Wiles, K.C.I.E., Chairman of the Bombay Port Trust was transferred to another post, the Committee addressed a telegram on the 25th December, 1938 to the Federation to urge the Government of India for nominating an Indian as Chairman for the Bombay Port Trust in the vacancy. The Federation accordingly addressed a letter to the Government of India on the 4th January, 1939 pointing out that the Indian Commercial community had been urging upon the necessity of Indianisation of higher Port Trust services and they hoped that the Government of India would utilise this opportunity and appoint an Indian as a Chairman of the Port Trust. It is now learnt that the Government of India have appointed Mr. Kripalani as the Chairman of the Bombay Port Trust.

Appointment of an Indian as a Jute Specialist.—On learning that the question of appointing a Jute Specialist to the Central Jute Committee were shortly coming up, the Committee of the Chamber addressed a letter on the 14th March, 1938 to the Indian Central Jute Committee stating that the Jute Committee had made certain important appointments directly in England without even advertising the posts in India and reiterated that the Indian commercial opinion was unanimous that Indians must be given preference for appointment to such important posts and that the openings should be adequately advertised in Indian papers. The Committee strongly urged that the Central Jute Committee should give preference to Indians for the post of a Jute Specialist as suitably qualified Indians were available for the post. The Committee also addressed letters to Messrs S. K. Battar and Adamjee Hajee Dawood representatives of this Chamber and the Muslim Chamber respectively requesting them to press the point.

The Indian Central Jute Committee replied on the 30th March, 1938 saying that one appointment namely that of the Director, Technological Research Laboratory was advertised only in the United Kingdom as the Committee were unanimously of the opinion that there was no possibility of obtaining a fully qualified officer in India. The post of Jute Specialist was advertised simultaneously in India and England although it was felt that the possibility of obtaining

a fully qualified officer in India was small. The Central Jute Committee further stated that all other appointments had been advertised only in India and they were made on the recommendations of a properly constituted sub-committee as required by the Rules and Bye-laws of the Committee.

Treatment of Howrah Bazar Holidays as “dies-non” in respect of wharfage and demurrage charges.—This subject has reference on Page 43 of the last Annual Report. The Committee again addressed a letter on the 25th February, 1938, to the East Indian Railway stating that Sundays and other gazetted holidays were treated as ‘*dies-non*’ in calculating wharfage at Kantapuker also on non-shipment goods booked by the Railway. The Committee therefore, requested that if the railway could not treat the Howrah bazar holidays as ‘*dies-non*’ in respect of wharfage and demurrage charges, they should at least treat Sundays and gazetted holidays as such.

The E. I. Railway replied on the 14th September, 1938, stating that they had given careful consideration to the matter but regretted their inability to agree to any increase in the number of days treated as dies-non. The matter being again referred to the Indian Produce Association at whose instance it was taken up, they replied that the E. I. Railway received from the merchants thousands of rupees daily by way of freight and the wharfage and demurrage charges should not be treated by the Railway as a source of revenue. They also pointed out that the additional Bank holidays would not be more than 16 and the Railway should, therefore, have no objection in treating Sundays and Gazetted holidays as dies-non. The Committee thereupon referred the matter to the representative of the Chamber on the E. I. Railway Local Advisory Committee for taking it up in the Advisory Committee.

Alteration in the system of recruitment to Government posts for alleviating unemployment.—The Committee received a letter from the Government of Bengal on the 7th February, 1938, forwarding therewith a copy of letter dated the 20th January, 1938 from the Government of India, Department of Labour, in connection with the proposals of the Government of India regarding the alterations in the system or systems of recruitments for Government posts as means for alleviating unemployment. The letter from the Government of India stated that the Government services could no longer absorb more than a small proportion of the educated youths and it had become difficult for many of them to find any alternative employ-

ment suited to the training that they had received. The Government of India stated that in order to prevent disappointment to large numbers of educated young men on their not getting any Government employment, they were examining the question of a general reduction of maximum age for all the subordinate services and also contemplated that there should be an additional examination to be taken at the age of 17 which would be of a competitive character, success in which would be an indispensable preliminary to candidature for practically all Government appointments. The Government made it clear that success in that examination would give no right to a Government appointment but the failure in the examination would constitute a final and definite bar to Government service.

The Committee replied on the 6th May, 1938, stating that the object underlying the proposed scheme of the Government of India namely a reduction in the number of young men seeking Government employment, would not be achieved unless the Government first decided the question of age of recruitment which was intimately connected with the scheme and unless a definite decision was arrived at on that point, the Committee felt that the mere addition of another examination involving elaborate organisation and consequent public expenditure would not lead to any solution of the unemployment problem. The Committee also considered that a satisfactory method could not be devised for restricting admission for the competitive test and in the absence of such restrictions, it was doubtful whether the scheme would really prove effective. The Committee also felt that it would be unfair to disqualify a person who would fail in the Government Diploma Examination at the age of 17 but might later on pass creditably at, say, an Engineering or Accountancy Examination which would under the present circumstances qualify him for a suitable Government post. The Committee pointed out that the number of persons that could be absorbed for Government service was proportionately small and this factor accompanied by the reduction in the salaries as well as the growing industrialisation of the country might gradually change the attitude of the qualified young men towards Government posts. The Committee reiterated that the only solution for the unemployment problem in the country was a healthy and alround economic development and that although the object underlying the proposed scheme of Government was good, the scheme hardly helped in solving the problem.

The question of employment of released detenues—This subject has reference on page 114 of the last Annual Report. The

Government of Bengal called a Conference in connection with the problem of employment of released detenus on 5th January, 1938. Mr. M. L. Shah, the then President of the Chamber, attended the conference as the representative of the Chamber. It was decided at the Conference that the Chambers of Commerce and Associations should consult their constituents with a view to ascertaining what vacancies and in what class of occupations could be made available for employment of the released detenus and to forward the information to the Government of Bengal. The Committee accordingly circulated the matter among all the members of the Chamber on the 10th January 1938 enquiring as to the number of vacancies, if any, in their Offices. Replies were received from several firms in this connection and the same were forwarded to the Government of Bengal.

The Committee received a letter dated the 24th July, 1938 from the Government of Bengal enquiring if anything had been done towards relieving the unemployment of the released detenus. The Government further wanted to know the names of such ex-detenus as might have been employed in any firm.

The Committee thereupon issued a circular on the 30th June, 1938 to all the members enquiring as to the number of ex-detenus already employed by them as also to the vacancies likely to occur in immediate future. Various members of the Chamber in their replies stated the number of detenus employed by them. The Committee conveyed the information to the Government of Bengal on the 29th July, 1938.

The Committee had pointed out that about 60 to 70 Ex-Detenus were employed by the members of the Chamber in course of these few months. On the 7th September, 1938, the Government of Bengal again wrote to the Chamber requesting for the names of these ex-detenus employed by the members of the Chamber. On the 25th October, 1938, the Committee forwarded the names of released detenus employed by firms in the membership of the Chamber.

Calcutta University Appointments and Information Board.—

The Committee received a letter dated the 25th June, 1938 from the Secretary, Appointments and Information Board, Calcutta University, forwarding a copy of the Report of the Board for the year 1937-38. Observations of the Committee on the Report were invited.

The Committee replied on the 7th July, 1938 stating that they were pleased to note the progress the Board had made during the

first year of its working. They further expressed their satisfaction that several Indian Firms including some of the members of the Chamber had agreed to support the scheme of the Board. The Committee stated that the object underlying the scheme had the sympathy and goodwill of all Indian Commercial Firms and the attention of the members of the Chamber would be drawn towards it whenever possible. They further expressed the hope that as the activities of the Board would become widely known, Commercial Firms would take increasing advantage of the machinery provided by the scheme in connection with filling up of vacancies in their establishments.

The Committee also referred to the question of the employment of released detenues which had also assumed considerable importance for some time. The Committee pointed out that more than 60 released detenues had been employed recently by three or four member firms. They stated that the openings in a Commercial Firm were, after all, limited and the filling in of posts by released detenues also solved to some extent the question of unemployment among young men of the province. In this connection, the Committee also forwarded to the Board a copy of the letter they sent to the Government of Bengal for providing facilities to apprentices for practical training in workshops which were patronised by the Government.

Beggar Nuisance in the Streets of Calcutta.—On the 22nd June, 1938 the Committee received a letter from the Mayor of Calcutta drawing their attention to the necessity of adopting certain measures for dealing with the danger and nuisance due to beggars many of whom suffering from repelling types of diseases infested the busiest thoroughfares of the City at all hours of the day. The Mayor stated that suitable steps were in contemplation in collaboration with one of the principal relief organisations of the city. He, however, pointed out that the present resources of the Corporation with enormous demands on it in the fulfilment of its primary obligations left very little margin for expenditure on measures of this character. He suggested that the existing scale of trade licence fees may be enhanced by 12½ per cent. This, according to the Mayor, would bring an additional sum of about Rs. 125,000 which would suffice to run a Beggars' Home. The Mayor invited the opinion of the Chamber on this proposal.

The Committee replied on the 4th July, 1938 stating that they agreed with the Mayor that the problem had assumed alarming pro-

portions. It was only by legislation and by the help of Government measures, they held, that the problem could be tackled in its entirety. They stated that apart from such steps as the Corporation might already be taking in collaboration with any relief organisation, it would have been better for the Corporation to concentrate at first upon evolving measures to deal with the worst part of the problem, viz., that created by the presence in the streets of beggars infected with leprosy and that a detailed scheme should be prepared and placed before the public bodies in this connection. The Committee agreed to the proposal of a uniform increase of $12\frac{1}{2}$ per cent. in the existing scale of fees for trade licences but pointed out that the scheme should be administrated by an independent Committee on which trade interests should have adequate representation through Chambers of Commerce.

In this connection the Committee also addressed a letter to the Government of Bengal drawing their attention to the imperative necessity of adopting certain definite measures to deal with the situation. They pointed out that the question was taken up more than once by important public organisations and it was regrettable that no definite measures had yet been evolved to deal with the problem in a comprehensive manner. The Committee urged that in co-operation with important public bodies like the Corporation, etc., the Government of Bengal should evolve a suitable scheme to deal with this growing menace particularly with regard to beggars affected with infectious diseases like leprosy.

Facilities for Indian Apprentices for Practical Training in Work-shops.—On the 31st May, 1938, the Committee addressed a communication to the Government of Bengal, drawing the attention of the Government to the need of providing facilities to Indian Apprentices for practical training in Workshops, supplying Stores to the Government. They pointed out that a large number of Work-shops were being patronized by the Government in some way or the other, and the Government should make a stipulation with such concerns that they should provide facilities to Indian Apprentices for practical training in those workshops. The Committee further stated that similar steps had already been taken in other Provinces. According to the Committee if such arrangements for practical training were also made by the Government of Bengal, there was no doubt that a large number of young men would come forward to take advantage of the same. Such a measure, the Committee believed,

would also help to a considerable extent in directing an increased number of young men to commercial and industrial pursuits.

The Committee addressed a further communication to the Government of Bengal on the 25th August, 1938 on the subject. The Committee referred to the Resolution passed by the Bombay Legislative Assembly on January 27th, 1938 recommending to the Government to issue instructions to all Departments of Government, Semi Government Bodies, Municipal Corporation and the Municipalities to insert in all contracts and agreements with all manufacturers and suppliers for the supply of stores, materials and machinery, a clause to the effect that the manufacturers concerned should afford or procure as the case might be, facilities to Indian Apprentices for practical training in factories of offices owned, managed, controlled or patronised by them to enable the Indian apprentices to acquire full knowledge of the technique of the Trade or Industry. The Committee pointed out that the Government of Bombay had accepted the recommendation contained in this resolution and had directed all departments of Government and heads of offices, subordinate to them to give effect to it. The Government of Bombay, it was pointed out, had further requested the Municipal Commissioner of the City of Bombay to bring the recommendation contained in the resolution to the notice of the Corporation while the Collectors of the districts had also been asked to take similar action as regards local bodies in their jurisdiction. The Committee requested the Government of Bengal to take similar action in this Province also. The Committee pointed out that the question of unemployment among the educated young men of the province had become very acute and such a measure would help to a considerable extent in attracting an increasing number of young men to commercial and industrial pursuits.

Provisions in the Government of India Act, 1935, prejudicial to Indian Trade, Commerce and Industries.—On the 28th April, 1938, the Buyers' and Shippers' Chamber, Karachi, forwarded to the Chamber a copy of their letter addressed to the Federation of the Indian Chambers of Commerce and Industry, regarding the advisability of the latter making an authoritative declaration of the views of the Indian Commercial Community on the question of the Federal Constitution under the Government of India Act, 1935, especially at this juncture when a final decision, it appeared, was to be taken by His Majesty's Government in the matter. The Committee thereupon addressed a detailed letter to the Federation of Indian Chambers on the 20th June, 1938 in the

course of which they stated that the Federation should at this juncture give expression to the opinion prevailing in the Indian commercial community about the provisions of the Government of India Act, 1935, affecting adversely Indian industrial and commercial interests. The Committee pointed out that economic and financial questions were apt to be overlooked in any negotiations that might take place regarding revision of the federal part of the constitution and the Federation should therefore draw attention to the same.

Among the various objectionable features in the New Constitution from the Indian commercial view point pointed out by the Committee were:—(1) provisions keeping major portion of the expenditure outside popular control; (2) Financial Adviser remaining responsible only to the Governor-General; (3) Legislature and ministers having no control over Currency and Exchange Policy; (4) provisions about Federal Railway Authority; (5) External affairs remaining a reserved subject thus affecting the powers of the Legislature to conclude trade agreements; (6) provisions relating to commercial discrimination.

Adequate Police Arrangement in Tollygunge.—This subject has reference to the last year's report.

At the instance of the Marwari Rice Mills Association, the Committee wrote to the Commissioner of Police, Calcutta, requesting him to make adequate Police arrangements in the Tollygunge area of the City as frequent cases of dacoity were reported to have occurred there. The Commissioner of Police replied on the 11th May, 1938, stating that they had gone up to the Government for an increase of strength to the Police in that area.

The Marwari Rice Mills Association again wrote to the Chamber on the 10th July, 1938 stating that except the police constable posted at the eastern side of Tolly's Nullah and another posted in the Shahpur area, no other police arrangement had yet been made. The Committee, thereupon, further wrote to the Commissioner of Police on the 18th July, 1938 pointing out that cases of dacoity still occurred in the Tollygunge area, but no adequate steps seemed to have been taken. The Commissioner of Police replied on the 23rd July, 1938, stating that sanction of the Government for an increase in the strength of the police in that area had not yet been received. The local police, however, he stated, had been advised in the matter.

The Committee also addressed a letter in this connection to the Government of Bengal on the 18th July, 1938, drawing attention to the difficulties experienced by the residents of the southern part of the City and requesting the Government to sanction an increase in the strength of the police in those areas at an early date.

The Commissioner of Police Calcutta, replied on the 23rd July, 1938 stating that the sanction of the Government for an increase in the strength of the police in Tollygunge area had not yet been received. The Commissioner further wrote to the Chamber on the 4th August 1938 stating that no dacoity case had been reported from the Tollygunge area since the 22nd September, 1937 but there were only 3 cases of petty thefts in the course of the last three months and in 2 of them the culprits were apprehended and properly dealt with. The Commissioner further stated that Chetla Road area was patrolled during the day by the Traffic Police Constables and at night there was always a patrol from the Chetla outpost. According to him the locality was very quiet and cases of burglary or theft seldom occurred there.

The Committee thereupon addressed a further letter on the 5th September, 1938 to the Commissioner giving full details of a recent case of dacoity in the area and pointing out the necessity of making proper police arrangements in the Area. The Committee stated that they still continued to receive complaints from members about inadequate police arrangements in the Tollygunge area. The Committee requested the Police Commissioner to press the Government to sanction an increase in the strength of the police in the area and pending such sanction to make adequate arrangement for the protection of the lives and property of the residents.

The Commissioner of Police replied on the 17th September, 1938 stating that a proposal was pending with the Government to increase the strength of the Tollygunge Police Station by 2 Sub-Inspectors, 1 Assistant Sub-Inspector, 2 Head Constables and 12 Constables.

The Committee also addressed a further letter to the Government of Bengal, drawing their attention to the inadequate Police arrangements in the Tollygunge area and urging them to sanction the proposal to increase the strength of Police in the area at an early date.

Appointment of a Non-Indian as Superintendent of Insurance under the New Insurance Act.—*Apropos an* announcement regarding the appointment of Mr. J. H. Thomas as

Superintendent of Insurance under the Insurance Act 1938, the Committee sent a telegram to the Government of India, Department of Commerce, on the 11th May, 1938, regretting the Government's announcement and strongly protesting against selection of a non-Indian for the post. The Committee pointed out the importance of appointing an Indian to this post which was repeatedly emphasised during the discussion on the Insurance Bill in the Central Legislature and had been urged by Indian insurance interests. Such an appointment in disregard of Indian public and commercial opinion was, according to the Committee, particularly objectionable when there was no dearth of capable Indians for the post.

Indianisation of Superior posts under the Government of India.— On the 16th July, 1938, the Committee addressed a detailed letter to the Government of India on the question of Indianisation of services in the course of which they pointed out that though the assurance of “closer association of Indians in all branches of Central and Provincial Administration” was conveyed to the people of India as early as 1919 at the time of the passage of the Government of India Act, even this inadequate recognition of the unanimous desire of public opinion in the country did not seem to have been accepted by the Government of India as the normal feature to be followed. The Committee stated that on the contrary events in recent years unmistakably showed that the policy of the Government of India had been one of consistent disregard of the claims of Indians in higher and important posts and of importation for the various departments of the Government of India and pointed out that the number of Indians holding higher posts in the Secretariat of the Government was negligible. They particularly referred to the Railway Board which had no Indian as its member since the transfer of Sir P. R. Rau, in spite of the virtual undertaking given on behalf of the Government of India that there would be an Indian on the Railway Board. Apart from the permanent services, the Committee pointed out, Indians had been systematically kept aloof from all Enquiry Committees and Commissions for the last few years. The committee gave instances of the various Enquiry Committees in this connection. The Committee also referred to the recent individual appointments to various important positions e.g. that of the Economic Adviser to the Government of India, Special Income Tax Officer, the Insurance Superintendent and the Education Commissioner etc. The Committee stated that the usual plea of the Government of India about expert knowledge and fresh outlook was entirely untenable and the public could no longer be misled to accept such reasons. The Committee further mentioned that

all efforts to deal with the problem of unemployment among the educated young men and women were a mockery so long as opportunities for the utilisation of Indian talent were not availed of and almost on every conceivable occasion, Britishers either residing in the country or imported from abroad were given positions of responsibility even superseding the just and legitimate claims of duly qualified Indians. The Committee strongly urged the Government of India to abandon the policy of importing non-Indians for important posts and to assure the Indian public at the earliest of their adherence to the policy of Indianisation.

Indianisation of the Imperial Bank services.—On the 10th August, 1938, the Committee addressed a comprehensive communication to the Imperial Bank of India on the question of the Indianisation of the Imperial Bank's service in the course of which they pointed out that though an assurance was conveyed to the Indian public at the time of the passing of the Imperial Bank of India Bill in 1920 that effective steps would be taken for Indianisation of the Bank's services, the number of Indian officers in the service of the Bank at present was only 25 out of a total of 202 officers. The Committee referred to the debate in the Central Assembly at the time of the Imperial Bank of India (Amendment) Bill, 1934, and pointed out that at that time it was estimated that it was doubtful if proper work would be found even after a number of years for the European Officers already taken in by the Bank. Notwithstanding this, the Committee stated, the Bank had appointed 14 new European officers during the past few years and had also taken 5 European probationers. The Committee drew attention to the fact that the Imperial Bank was not a private concern but a Bank established by a special statute and had prospered as a result of being the Government's Bank holding large reserves without paying interest or paying very little. They stated that even at present when the Reserve Bank of India was established the concessions granted to the Imperial Bank of India outweighed the services it rendered as the agents of the Reserve Bank. According to the Committee, therefore, it was nothing less than an obligation on the Bank to follow the pledge of Indianisation of the Bank's services given at the time of the establishment of the Bank.

The Committee expressed surprise at the plea advanced by the Bank about higher efficiency of European officers and about the best interests of the Bank being served by them. They pointed out that Banking Institutions entirely managed by Indians which would compete with any foreign Institution had now grown up in the country.

The Committee further stated that the European assistants who were recruited from England did not often hold any special qualification and were required to be trained after coming to India by Indian members of the staff. The Committee requested the Bank to give an early assurance to the public that the policy accepted by the Bank regarding Indianisation of its services had not undergone any change and that in following the same the Bank would try to remove the present situation whereby there were only 25 Indian Officers out of a total of 202, by not appointing any more European officers in the service of the Bank.

The Imperial Bank of India replied on the 15th August, 1938, stating that the Chamber's letter would be placed before the Central Board of the Bank.

Appointment of a non-Indian as a Sugar Engineer at the Imperial Institute of Sugar Technology.—The Committee came to learn from reports in the Press that the Imperial Council of Agricultural Research proposed to appoint one Mr. Abbot from Glasgow as a Sugar Engineer in the Imperial Institute of Sugar Technology at Cawnpore. The Committee sent a telegram on the 2nd July, 1938, to the Imperial Council of Agricultural Research urging upon them not to appoint any non-Indian to such important post particularly when qualified Indians having the advantage of the knowledge of local conditions were available.

The Imperial Council of Agricultural Research replied on the 3rd July, 1938, stating that appointments at the Institute were made by the Government of India and not by the Council. They also added that the report that Mr. Abbot was proposed to be appointed was incorrect as no such appointment was contemplated.

The appointment of an European as agent in Burma.—Pursuant to an announcement about the appointment of Mr. C. A. Henderson as the Agent of the Government of India in Burma in cancellation of the previous appointment of Mr. Sathianadhan, the Committee addressed a telegram to the Government of India on the 12th September, 1938 pointing out that the policy of the Government hitherto had been to appoint Indians as Agents outside and they regretted the reversal of this salutary policy. The Committee pointed out that even if the services of Mr. Sathianadhan were not available, the Government of India could have appointed another Indian in his place especially because in the present situation in Burma the

presence of an Indian as Agent was not only desirable but would help considerably towards restoration of better relations between the Indians and the Burmese. The Committee urged the Government of India to reconsider their decision.

The Government of India replied on the 21st September, 1938, stating that in view of the special circumstances created by the recent riots in Burma, the Government of Madras had suggested that a senior officer should be appointed as Agent in Burma and recommended Mr. Henderson for the post. The Government of India, it was stated, had accepted the recommendation of the Provincial Government and appointed Mr. Henderson temporarily.

Appointment of an Indian as Deputy Chief Engineer to the Karachi Port Trust.— On 12th September, 1938, the Committee addressed a letter to the Government of India urging them to appoint an Indian as Deputy Chief Engineer to the Karachi Port Trust. The Committee pointed out that pursuant to Mr. Shepherd Barron's resignation as the Chief Engineer and the elevation of Mr. Brow to that post, applications were invited for the post of the Deputy Chief Engineer and in the list of eight best applicants, there were two Indian candidates, both of whom possessed high British qualifications as also practical experience in harbour engineering. The Committee regretted that the claims of these two Indian candidates were brushed aside and an European was proposed to be appointed, and the Government of India were approached for the necessary sanction. The Committee deplored this attitude of the Trustees for the Port of Karachi in not availing of this opportunity of putting into practice the accepted policy of Indianising the higher posts in the Port Trust especially when suitable Indians with better qualifications and practical experience were available. The Committee further pointed out that though the five elected Indian Trustees strongly pleaded for the appointment of a qualified Indian to the post, the proposal was turned down by all the eight European Trustees voting against it along with the two nominated trustees. This incident along with similar ones in other major Ports, the Committee observed, had raised serious apprehensions in the minds of the Indian public, and the Committee emphasised that steps should be taken without delay to Indianise the Major Port administrations of the country.

Riots in Burma — At the instance of Messrs. Hoosen Kasam Dada, the Committee addressed a telegram on the 28th August, 1938 to the Government of India expressing their concern at the serious

disturbances in Burma resulting in considerable loss of life and property of Indians residing there. The Committee urged the Government of India to impress upon the Burma Government the imperative necessity of taking adequate measures for the protection of the Indian community in Burma which had long association and amicable relations with Burmese people till now. The Government of India replied on the 12th August, 1938, stating that the matter was receiving their attention.

Unemployment Situation in Bengal.—The Bengal Unemployed Youths Union addressed a letter dated the 15th July, 1938, to the Chamber drawing attention to the seriousness of the unemployment situation in Bengal. The Union desired to hold a Conference with representatives of the Chambers of Commerce in Calcutta. They wanted to know the views of the Chamber on the proposed Conference and also requested its co-operation in the matter.

The Committee replied on the 18th July, 1938, assuring the Union of their Sympathy and co-operation in the matter.

Theft cases in Bhowanipore area.—On the 3rd September, 1938, the Committee addressed a letter to the Commissioner of Police, Calcutta, inviting attention to several cases of theft that occurred in the Bhowanipore area. The Committee requested the Commissioner of Police to make suitable arrangements and see that the repetition of such cases was avoided.

Air Raid Precautions.—On the 31st August, 1938, the Commissioner of the Presidency Division enclosed a copy of a letter addressed by him to all Local Bodies in the Industrial Area East of the Hooghly in the 24 Parganas District describing the preliminary measures necessary for Air Raid Precautions Scheme for the passive defence of the Civil Population. He referred to the Handbook published by the Home Office, London, about Air Raid Precaution for factories or business houses and suggested that member factories might perhaps be willing to organise emergency drill and fire precautions suitable for Air Raid conditions as recommended in the Handbook. The letter addressed by the Commissioner to the various Local Bodies stated that the Government of Bengal had constituted an Air Raid Precaution Committee for the Industrial Area on the Hooghly, which would be responsible for giving advice to local authorities and Civil Population generally in accordance with the approved Government Policy. The Government did not propose to undertake at present such precautions as construc-

tion of shelters, protection from gas by the public and provision of respirators and gasproof premises. Air Raid precautionary services, according to them were for the present to be confined to the police, Fire Brigades and Hospitals and dispensary staff supplemented by such voluntary Air Raid staff as might be arranged by the organisations like St. John Ambulance, Red Cross Society, Boy Scouts etc. Some of the principal types of action required for the purposes of Air Raid Precaution were also described by the Government. The first step the Government proposed to take was the preparation by each Local Body of a general plan for consultation with the Air Raid Precautions Area Committee. The Commissioner had requested for the co-operation of the members of the Chamber in the preparation and co-ordination of this local Air Raid Precautions Scheme. The Committee decided to circulate the matter to members of the Chamber and issued a circular accordingly on the 8th September, 1938.

Obstruction to business activities caused by certain persons carrying on propaganda about stopping work on Sundays.—On the 5th September, 1938, several shop keepers of the Burra Bazar area forwarded to the Chamber a copy of the petition addressed by them to the Commissioner of Police regarding the activities of certain persons who desired to persuade the labourers and Durwans to stop work on Sundays. The petition stated that these persons often entered their shop premises and dragged out the employees and even threatened them with violence. The merchants requested the Police Commissioner to take action in the matter so that the business activities might be carried on without obstruction. The matter is receiving the attention of the Committee.

Obstruction caused by the Police to businessmen carrying on *bona fide* activities at the Gunny Market.—On the 17th August, 1938, the Committee addressed a letter to the Commissioner of Police, Calcutta, drawing attention to the hardships experienced by businessmen at the Gunny Market. The Committee pointed out that people going for *bona fide* business purposes to the market were often harassed by the constables posted there. While the Committee appreciated the necessity of preventing people from gathering in the streets, they emphasised that no harassment should be caused to *bona fide* businessmen and their representatives. The Committee suggested that necessary instructions should be issued to the constables on duty there so that persons going there for bonafide business purposes might not be unduly interfered with.

The Commissioner of Police replied on the 13th September, 1938 requesting for details about the harassment caused by the constables to *bona fide* businessmen at the Gunny Market. The matter is receiving attention of the Committee.

Treatment of Foreigners in Italy.—In connection with a Press Report that appeared in the Statesman about expulsion of foreigners from Italy, the Committee addressed a letter on the 3rd September, 1938 to the Consul General for Italy stating that though they learnt from him that the decree issued by the Italian Government related to only to foreign Jews in Italy who had taken up residence in that country or had any possession after January 1, 1919, and that it did not apply to any other foreigners, the press message appearing in the papers referring to it did not appear to be clear on the point. The Committee, therefore, suggested that the Consul General should issue a statement to the Press making the position clear in order to allay any misconceptions that might have arisen in this matter. The Italian Consul General replied on the 9th September, 1938 stating that the possibility of misinterpretation of the decree of the Italian Government relating to the expulsion of foreign Jews from the Italian Kingdom and from Libya was not perceived from the issues of the Statesman of the 2nd and 3rd September. The Committee, thereupon addressed a further letter to the Consul General on the 17th September, 1938, stating that from the Reutor's message appearing in the Statesman of the 2nd September, 1938, there was a distinct possibility of a misinterpretation of the decree of the Italian Government and in view of that the Committee had requested him to confirm that the decree did not relate to foreigners other than foreign Jews.

Complaints about Calcutta Tramways Services.—At the instance of the Muslim Chamber of Commerce, Calcutta, the Committee addressed a communication dated the 12th December 1938 to the Calcutta Tramways Co. Ltd., drawing their attention to certain difficulties experienced by the travelling public in connection with the Tramway Service. The Committee stated that the cars very often did not stop completely at the stoppages and the majority of accidents to passengers were due to their boarding or alighting from cars in motion. They, therefore, suggested that fresh instructions should be issued to drivers and conductors to stop the cars completely at stations marked as such.

The Committee further pointed out that there was much overcrowding in cars, especially between 10 and 11 A.M. and 5 and 6 P.M.

due to all the office going persons using the service at that time. As the grievance had been experienced since a long time, the Committee suggested that proper arrangements should be made at an early date for running more cars between these hours.

The Tramway Co. replied on the 20th December 1938 stating that they were very anxious to avoid accidents to passengers on their service and as far as practicable to afford comfortable accommodation as circumstances permitted. As regards accidents to passengers while boarding or alighting from cars in motion, they pointed out that these accidents were mostly due to the passengers not observing the rules in regard to stopping places and endeavouring to board or alight between two stops or after the stops had been passed. The Company further stated that they had drawn the particular attention of their staff recently to their standing instructions in this connection and the superior staff of the company had been instructed to pay particular attention to any carelessness on the part of their junior staff. These instructions, they stated, had also been circulated in pamphlet form in three languages to each individual member of the company's uniformed staff and the contents explained to them.

Regarding the question of overcrowding, the company pointed out that the peak hour traffic was the bugbear of all transport managers and it was impossible to avoid overcrowding at certain times of the day. Overcrowding was undesirable even from their own view point as it obstructed the collection of fares and they were therefore steadily proceeding with their scheme of renewing the old rolling stock and expected shortly to get considerable number of additional new cars which, they hoped, would lessen the overcrowding at the peak hours to some extent.

The Tramways Company further stated that Calcutta being a difficult city from the traffic point of view the question of traffic in the streets was daily becoming very alarming and they opined that the authorities should take a proper and longer view of the present and future requirements of the city and take into consideration the provision of adequate streets to accommodate the rapidly increasing traffic. They also welcomed any help this Chamber could give them by propaganda aimed at educating the public to avoid breaches of etiquette and rules which were intended solely to protect the passengers from accidents.

The Committee addressed a further letter to the Tramway Co. on the 10th Jan. '39 stating that they would be glad to co-operate in any measures the company would adopt for educating the public with a view to minimise the number of accidents to passengers

Declaration of District No. 1 as prohibited area for 'dal golas' and 'dal polishing' business.—The attention of the Committee having been drawn to a notice issued by the Health Officer, Calcutta Corporation, to the effect that there was a proposal before the Corporation for declaring the whole of the area of District No. 1 (Ward No. 1 to 7) as prohibited area for 'dal golas' and 'dal polishing' business, the Committee addressed a letter dated the 6th November 1938 to the Calcutta Corporation in this connection. The Committee pointed out that a very large section of the population of the city were strict vegetarians and 'dal' which was consumed by almost all Indian residents, formed one of the main articles of diet of that large section. Within the area in which it was now proposed to prohibit the carrying on of 'dal polishing' business, numerous small concerns were established which served the requirements of the population for dal along with other provisions. As a matter of fact, the Committee understood that there were thousands of families who were mainly engaged in that business. If, therefore, the proposal was given effect to, it would not only cause inconvenience to the residents of the area but would also deprive thousands of families of their means of livelihood. Manufacture of dal by machinery (grinding) being already prohibited within the city limits, the Committee failed to understand as to how the minor process of cleansing was liable to create any great nuisance and dust. They further stated that they were not opposed to any measures which the Corporation might take for promoting the health of the citizens but at the same time they wished that the fulfilment of the primary necessities of the residents should also be taken into account.

The Committee were therefore, opposed to the proposal and urged the Public Health Committee of the Corporation to give due consideration to the points raised.

Move for the Declaration of the Gopastami Day as Public Holiday.—The Committee received a letter dated the 13th October, 1938 from the Calcutta Pinjra Pole Society requesting the Chamber to address a representation to the Government of Bengal for declaring the Gopastami day as a public holiday.

Accordingly, the Committee addressed a letter dated the 28th October 1938 to the Government of Bengal drawing the latter's attention to the fact that though the Gopastami day was one of the important festival days of the Hindus in the province it was not declared a holiday under the Negotiable Instruments Act. A big fair,

the Committee stated, was being held on that day at Sodepur Pinjra Pole every year and a large number of businessmen, merchants, shop-keepers and other people connected with various trades and professions attended the same. Moreover, a number of trade associations like the Stock Exchange, Gunny Market, Silver Market, Hessian Exchange were observing it as a holiday and serious inconveniences were being experienced by the business community as the banks did not observe Gopastami day as holiday. In order to remove this difficulty, the Committee urged the Government to declare Gopastami day as a public holiday under the Negotiable Instruments Acts.

The Government of Bengal, however, replied on the 8th November 1938 regretting their inability to accede to the request.

Personnel of the India Defence Committee.—As soon as the personnel of the Chatfield Committee appointed to enquire into the defence expenditure of India was known, the Committee sent a telegram to the Government of India on the 14th October 1938 strongly protesting against the non-inclusion of Indians in the said Committee. The defence expenditure, the Committee held, was a matter of primary concern to Indians. Moreover, in view of the progressive Indianisation of the army, it was highly essential that Indians should be associated in the enquiry. The Committee urged that the Government should reconsider the matter and include Indians in the Enquiry Committee.

Proposal to Close down the sale depot of the Government of India Publications at Calcutta.—Understanding that the Sale Depot of the Government of India Publications which was established in 1924 and now located at 8, Hasting Street, Calcutta was proposed to be closed down, the Committee addressed a letter dated the 19th December 1938 to the Government of India. They stated that ever since the removal of the office of the Manager of Publications to Delhi in 1933, the importance and utility of the Sale Depot had considerably increased. So, in case the Sale Depot was now closed, considerable inconvenience would be caused to the public and the commercial community. The Committee pointed out that in a large industrial and commercial centre like Calcutta, there was a constant demand for the Government of India Publications and if the depot was closed, it would not only involve considerable delay in getting these publications but would decrease the sale of the publications themselves inasmuch as the facility for inspection before giving orders for the publications would not be available to the

public. The Committee, therefore, urged upon the Government of India to abandon the proposal of closing down or shifting the Sale Depot.

Testing Station for Motor Vehicles. In the course of their letter dated the 4th November 1938 the Automobile Association of Bengal invited the support of the Chamber to a joint representation they proposed to make to the Government of Bengal emphasizing the necessity of establishing a testing station for motor vehicles in Calcutta. The Committee wrote to the Automobile Association on the 13th December 1938 expressing their general agreement with the proposal and requesting the Association to supply further particulars of the scheme, as regards the place where the testing station was proposed to be situated, the authority who would be in charge of the station etc. On the same date, they addressed a letter to the Government of Bengal referring to the proposed legislation regarding the regulation of motor vehicles pending before the Central Legislature. As the Bill inter alia provided for the maintenance of vehicles in a sound mechanical condition, the Committee enquired if the Government of Bengal intended to make any arrangement for having a properly equipped testing station for motor vehicles of different classes in order to ensure that these provisions were fulfilled. The Government of Bengal replied on the 7th January 1939 stating that so long as the Bill did not become law, the exact position could not be envisaged.

The Committee received another letter dated the 23rd January 1939 from the Association stating that certain modifications had been made to the original draft in the light of the views of other bodies and enquiring if the draft in the final form was approved by the Committee of the Chamber. The Committee replied on the 28th January agreeing to the modifications made therein.

Use of Saccharine in Aerated Waters.—The attention of the Committee being drawn to the practice of using saccharine as a sweetening agent in aerated waters, they addressed a letter to the Government of India on the 15th December 1938 pointing out the injurious effect of the substance if consumed regularly and urging upon them to take early steps to prohibit the use of saccharine in the country in articles of food sold to the public. The Committee pointed out that although saccharine was not much in use in the preparation of Indian sweets, it was being regularly used in preparing aerated waters in towns and mofussil and a bottle

containing 8 ozs. of liquid had generally a proportion as high as $\frac{3}{4}$ grain of saccharine. Saccharine, the Committee understood, had no food value and in U.S.A. the Referee Board of Consulting Scientific Experts had found that the continued use of saccharine for a long time in quantities over 0.3 gram per day was liable to impair digestion and its use in foods had been prohibited under the Federal Food Law. Further, the Government of Bombay had under consideration revised rules under the Bombay Prevention of Adulteration Act prohibiting the use of saccharine in any article of food. The regulation of the sale of foodstuffs in the interest of public health was a matter primarily within the jurisdiction of the Provincial Governments, but as the Committee felt that legislation in this respect should be uniform throughout India, they emphasized that the Central Government should obtain the approval of the Provincial Governments and enact a Central Legislation in the matter.

Orders for clothings for Government of India's Defence Programme, with British Firms.—Understanding that the Government of India were contemplating to place orders with British firms for large quantities of clothing and sundry articles for defence and railway modernisation programme, the Committee sent a telegram on the 10th December 1938 expressing their concern over the proposal. The Committee regretted that in spite of repeated assurances given by the Government as regards giving preference to Indian goods in case of stores purchase made by the Government Departments, it was intended to place such orders outside India thereby depriving Indian industries of their legitimate market. The Committee urged the Government to reconsider the matter.

The Government of India replied on the 29th December 1938 stating that they were not aware of large orders being placed with British firms in contravention of the rules for the supply of articles required to be purchased for the public services. The Government also referred to the reply given in the Legislative Assembly on the 9th December 1938 to Mr. Manu Subedar's question on the subject.

The Committee, thereafter, addressed a further communication to the Government of India on the 18th January 1939. They pointed out that in reply to the question put by Mr. Manu Subedar in the Legislative Assembly Mr. Ogilvie on behalf of the Government stated that tenders for the supply of articles of clothing were called for from firms abroad as well as from Indian manufacturers where it was known that articles were at present manufactured in India upto army specifica-

tions. They also learnt from the reply that orders for the supply of woollen vests, woollen pants and mosquito nettings upto the limits of Indian manufactures had been placed with Indian manufacturers while orders for the remaining articles namely shirting cloth and tooth brushes were placed in the United Kingdom. The Committee, requested the Government of India to supply them with details of the orders placed in India as also of those placed abroad and about the exact specifications of the various articles ordered from abroad which according to the Government were not at present manufactured in India upto the required standard.

Association of an Indian with Mr. J. D. Tyson in the enquiry conducted by the Royal Commission into the social and economical conditions in Jamaica. — The attention of the Committee having been drawn to a Press statement to the effect that the Government of India had appointed Mr. J. D. Tyson, I.C.S. to represent them before the West Indies Royal Commission which was shortly visiting British Guiana, Trinidad and Jamaica to enquire into the social and economic conditions there, the Committee addressed a letter on the 28th October 1938 to the Government of India stating that while they have nothing to say against Mr. Tyson who did valuable work in South Africa as Secretary to the Rt. Hon'ble Mr. V. S. Srinivasa Sastri, the Committee were of the opinion that the Government would have been better advised if an Indian had been selected for this task as he would have been in a better position to appreciate the difficulties of Indians abroad and to put their case before the Royal Commission. The Committee suggested that the Government of India should appoint an Indian also to assist and advise Mr. Tyson in his work. The Government of India replied on the 17th November 1938 stating that the question of associating an Indian with the proposed deputation to the West Indies was most carefully considered by the Government but primarily for financial reasons it was found essential to limit their representation to one. It was stated that the Government of India found that Mr. Tyson was the only officer available with the requisite experience and having regard to the work done by him in South Africa, they confidently expected him to represent the Indian point of view both forcefully and sympathetically.

Extension of Bus Routes 4 and 4A upto Cossipore Jute Market — The Cossipore Jute Sellers Association wrote to the Chamber on the 19th October 1938 stating that the Deputy Commissioner of Police was now in favour of making some arrangements for a through bus service from Tollygunge to Dakshineswar which, they believed,

would remove the difficulties and inconveniences experienced by the public going from Calcutta to Cossipore.

Thereupon the Committee addressed a further communication dated the 28th October 1938 to the Deputy Commissioner of Police pointing out the difficulties experienced by the large number of passengers travelling from Burra Bazar to Cossipore Market inasmuch as they had to change at the New Chitpore Bridge and had to pay additional 9 pies for the short distance from the bridge to Cossipore area. The Committee further stated that the proposal to amalgamate Route Nos. 32 and 32A and 4 and 4-A so as to eliminate competition, between them would remedy the grievances of the travelling public in the matter. The Deputy Commissioner of Police replied on the 5th November 1938 stating that the reasons for which the request made by the Chamber last year had been refused still held good and that it was not unreasonable for members of the public to have to change to another bus route when coming in a long distance from the suburbs and this apparent inconvenience was being suffered by the public in all cities in all parts of the world. On the 22nd November 1938, the Committee again wrote a letter pointing out that it was not only a question for the public having "to change to another bus route" but it also involved an extra expense of 9 pies for a short distance. The Deputy Commissioner of Police replied on the 29th November 1938 regretting his inability to do anything in the matter.

Spanish Relief Committee.—The Committee received a letter from the Spanish Relief Committee dated the 29th November 1938 enclosing a copy of the Appeal made by Pandit Jawaharlal Nehru for relief to be organised for Spain. The Committee circulated the matter to members of the Chamber.

LAW AND LEGISLATION

Indian patents & Designs (Amendment) Bill, 1937.—The Indian Patents & Designs Act was passed in 1911 and amended subsequently but a number of difficulties having arisen the Government of India introduced a Bill in the Legislative Assembly further to amend the Act. The Assembly had decided that the Bill be circulated to elicit public opinion thereon. The Government of Bengal wrote to the Chamber on the 30th November, 1937, inviting views on same. The Committee issued a circular to all members of the Chamber inviting

suggestions. No suggestions having been received, the Committee wrote to the Government of Bengal on the 3rd January, 1938, stating that they have no views to offer on the amendment Bill.

Bengal State Aid to Industries Act.— On the 18th December, 1937, the Director of Industries, Bengal, wrote to the Chamber inviting opinion about the necessity of bringing an early amendment to the Bengal State Aid to Industries Act with a view to making it render a greater amount of service to *bona fide* industrialists and to the development of indigenous industries. Three points in this connection were mentioned by the Director of Industries.

(A). Industries requiring capital up to Rs. 1 lakh should be financed through the Act.

(B). The Act must provide for power to be vested in the Board to sanction a loan up to a suitable sum of money which was to be specified.

(C). The question of security, namely 50 per cent. of the assets, should be modified so as to facilitate the entertainment of applications under the different sub-sections of Section 19 of the Act.

The Committee replied to the Director of Industries on the 2nd March, 1938, giving their suggestions in the matter in detail. The Committee stated that though the Act was passed as far back as 1931, State Aid given under these measures had been mostly in the form of small loans of a few thousand rupees which was due to the fact that the provisions of the Act were very restrictive in nature and limited state aid in most cases to new and small industries only. The Committee recommended that the provisions be so modified as to allow state aid being given to all the industries, big or small, including an established industry. While the Committee did not favour Government taking shares in an industry as a form of state aid, they suggested the extension of the facilities provided under the Act for securing Cash Credit, advance etc. by industries. They expressed themselves against putting any limit on the amount of loan to be granted under the Act except the usual restriction of proportionate security. The Committee also suggested that the Board of Industries should be empowered to sanction loan without reference to the local Government up to a sum of Rs. 25,000/- in each individual case. The Government, in the opinion of the Committee should make allotment in the budget every year for the purpose of giving state aid to industries and any unused balance of such grant should not be made to lapse at the end of the year but should vest in the Board of Industries and should

be allowed to be accumulated as a fund which the Board could use for purposes of investment in industries like ordinary industrial banks. The Committee also suggested the removal of other restrictive provisions in the Act such as requirement of setting aside at least 25 per cent. of the remaining net surplus profits of the industry after due provisions had been made for interest, depreciation, obsolescence, sinking fund etc., and pointed out, that the formation of a fund which together with interest thereon would at the end of the period of state aid be sufficient to repay the loan or advance as the case may be, would meet the situation. The Committee also drew attention to the unnecessarily restrictive provision in the Act by which the Industry is required to mortgage the whole of its assets which may be worth lakhs of rupees to secure even a small loan of say Rs. 10,000/-. The Committee suggested that 50 per cent. margin kept in hand was sufficient in all cases and strongly recommended the amendment of the Act so as to require the mortgaging of the assets only in proportion to the amount of loan or the advance granted.

Bengal Jute Bill.— On the 23rd November, 1937, the Government of Bengal wrote to the Chamber inviting views on the Bengal Jute Bill, 1937, by Mr. S. N. Biswas, M.L.A., and others. Another Bill on the same subject was also introduced in the Legislative Assembly by Mr. Abu Hoosen Sarkar on the 16th September, 1937.

Mr. Biswas's Bill aimed at the regulation of production and marketing of jute, further improvement to the economic value of jute and regulation and control of the jute trade. The Committee replied on the 26th January, 1938, giving their views on the matter. The Committee pointed out that the Bill attempted to introduce the principle of planned economy in the cultivation and trade of jute but the successful fulfilment of such a planned scheme pre-supposed the existence of not only vast resources at the command of the State but also advanced social conditions. According to the Committee, such a planned control in respect of an export commodity like jute would lead to considerable difficulties and disorganise the jute trade with the consequent loss of valuable markets. Moreover, in the opinion of the Committee, the provisions of the Bill were not practicable. The Committee, however, appreciated the desirability of standardisation of the qualities and grades of jute and of weights and measures and suggested that the Indian Central Jute Committee could be entrusted to undertake that task and formulate proposals for bringing about these desirable improvements.

Bengal Shop Hours and Assistants Bills.—The Sindhi Merchants Association wrote to the Chamber on the 24th February, 1938, stating that the Bengal Shop Hours and Assistants Bill introduced in the Bengal Council by Mr. Humayun Kabir on the 28th January, 1938, would prove highly injurious to the interests of Shop Keepers in the province. On the 25th February, 1938, the Government of Bengal issued a Press Communique stating that the Government had under consideration a draft Bill for the regulation of Shop Labour (hours, wages, compensation for accident). The Committee referred the matter to a Special Sub-Committee of the Chamber to report fully on the question of regulation of shop labour.

On the 27th June 1938, the Committee sent a comprehensive representation to the government of Bengal on the subject. The Committee agreed that, in the present circumstances, it was necessary that some legislation was adopted for the purpose of regulating hours of work of shop assistants. The Committee further drew attention to the fact that the principle of the regulation of the conditions of work of shop employees was a new one which had not yet been put into effect in any part of the country. Regarding the scope of legislation, the Committee pointed out that hawkers should not be included within the legislation on the subject. As regards the question of the hours of work of shop assistants, the Committee opposed the fixing of any hours for opening and closing of shop premises. They pointed out that any attempt to enforce such a regulation would introduce many complications, for apart from the fact that different kinds of shops had to be kept open at different hours according to the nature of the trade carried on by them, even in one trade different shops had to be kept open at different hours, e.g., retail shops in the morning and in the evening and wholesale ones during the day time. As regards the maximum hours of work, the Committee stated that the period of 8 hours provided in clause 2 of Mr. Kabir's Bill on the subject was too short. The Committee suggested that the hours of work for shop assistants should be 10 per day exclusive of meal time. With regard to holiday in a week for shop workers, they were, however, of the opinion that a particular day should not be fixed by law for such weekly holiday. The Committee disapproved of the provision in Mr. Kabir's Bill providing for the fixation of minimum wages of shop assistants. Regarding the question of sick leave, the Committee pointed out, that a provision in this respect was desirable but it would involve many complications. The Committee further did not see any justification for the provision about compensation for injuries to shop workers.

As regards the employment of children, the Committee pointed out that the age limit of 15 fixed in Mr. Kabir's Bill was too high.

The Government of Bengal replied on the 11th July 1938 stating that a draft Bill called the Bengal Regulation of Shop Labour Bill to regulate the conditions of work of employees in all classes of shops was under the consideration of the Government at present and that the opinion of the Chamber on the provisions of this Bill might be furnished to the Government when it was published for general information and opinion.

United Provinces Ghee Colourisation Bill.—On the 21st January, 1938, the United Provinces Ghee Colourisation Bill was introduced in the United Provinces Legislative Assembly and referred to a Select Committee. The Bill sought to prevent adulteration of ghee by requiring "all artificial ghee sold, exposed or stored for sale in the United Provinces" to be coloured in the manner required by the local Government. The attention of the Committee having been drawn to the provisions of the Bill, the Committee addressed a detailed letter to the Government of the United Provinces on the 27th February, 1938, on the subject. The Committee expressed agreement with the principle underlying the Bill viz., prevention of adulteration but pointed out that the provisions of the Bill as introduced in the Assembly were impracticable. The Committee also drew attention to the fact that the question involved in the Bill was one which should be dealt with on an All India basis. There were factories in other provinces in India manufacturing vegetable product and it was not practicable for these manufacturers to anticipate what quantity and what specific portion of the manufactured goods would ultimately find their way into the United Provinces and colour only that much. The Committee also pointed out that vegetable product as such was being used in an increasingly large quantity for direct consumption as a cooking medium particularly by the poorer classes in the cities and towns. Colourisation of vegetable product would create a prejudice in the minds of consumers and a coloured vegetable product would not find such a ready market as the uncoloured substance. The growing oil milling industry, therefore, would receive a great set back. The proposed measure, therefore, in the opinion of the Committee, while it may not be able to stop completely the adulteration of ghee, would deliver a very hard blow to this indigenous vegetable product industry and would thus be detrimental to the interests of not only a large number of businessmen and traders but also a large number of growers. The Committee further

stated that vegetable product deserved a place in the dietary of the people in this country owing to its high fat contents and its comparative cheapness. The Committee, therefore, opposed the Bill as introduced in the United Provinces Legislative Assembly

Bengal Municipal (Amendment) Bills and Bengal Local Self-Government (Amendment) Bill.— On the 2nd December, 1937, the Secretary to the Bengal Legislative Assembly invited the views of the Chamber on the Bengal Municipal. (Amendment) Bill, 1937, by Mr. Sukumar Dutt M. L. A. The views of the Chamber were also invited on the Bengal Municipal (Amendment) Bill, 1937 introduced by Mr. Nur Ahmed M. L. C. in the Bengal Legislative Council. On the 29th February, 1938, the Secretary to the Bengal Legislative forwarded a copy of the Bengal Local Self Government (Amendment) Bill, 1937, by Mr. P. Banerjee for the views of the Chamber. The Bills however, did not come up in the last Session of the Assembly and the Council.

The Committee forwarded on the 23rd June, 1938 their views regarding the Bengal Municipal (Amendment) Bill as introduced in the Council by Mr. Noor Ahmed and the Bengal Municipal (Amendment) Bill, 1937, as introduced in the Assembly by Mr. Sukumar Dutta. The Committee were agreeable to the principle suggested in the Bill about the abolition of the nominated block from municipal bodies. They however pointed out that it was desirable that such important amendments to the Act should rather be sponsored by the Government.

Regarding the Bengal Local Self-Government (Amendment) Bill, 1937, by Mr. Humayun Kabir which sought to amend the Local Self-Government Act for the purpose of abolition of nomination to and the extension of franchise in all local bodies, the Committee pointed out that they were agreeable to the principle but it was desirable that such important amendment to the Act should be sponsored by the Government. The Committee expressed a similar view also in regard to the Bengal Local Self-Government (Amendment) Bill as introduced in the Assembly by Mr. P. Banerjee.

Amendment to Auditors' Certificate Rules, 1932.— On the 19th February, 1938, the Government of India forwarded to the Chamber their Notification dated the 19th February, 1938, regarding a further amendment to the Auditors' Certificate Rules, 1932. The amendment dealt with the period of serving articles with an Ap-

proved Accountant. It was proposed that a person who, on the 30th June, 1937, was serving his articles under these rules with an Approved Accountant in Burma and borne on the list of Approved Accountants maintained by the Government of Burma serving articles with such accountant whether before or after that date, shall be deemed to be serving articles for the purposes of the rules. The Committee wrote to the Government of India on the 9th March, 1938, stating that they were agreeable to the amendment.

Bengal Agricultural Debtors Bill.—On the 4th March, 1938, the Secretary to the Bengal Legislative Council forwarded to the Chamber a Copy of the Bengal Agricultural Debtors (Amendment) Bill, 1937, and invited the views of the Chamber, upon the same. The Bill seeks to amend the Bengal Agricultural Debtors Act, 1935, which is said to be defective in dealing with cases when amicable settlement proposals fail. The matter is receiving the attention of the Committee.

The Committee replied on the 14th July, 1938 stating that one of the shortcomings of the present Bengal Agricultural Debtors Act was that it was often taken advantage of by persons who were not bona fide agriculturists. Persons who had incurred debts in a number of ways often sought protection under the Act. When the law enabled such persons to evade payment of their dues the availability of credit in the countryside was naturally impaired. Moreover, the Debt Settlement Boards, the Committee pointed out, also at times functioned in a way which helped such evasions. The Committee believed these evasions which abused the provisions of the Act restricted the easy credit available to the agriculturists. The Committee therefore suggested that provision should be made to see that only bona fide agriculturists took protection under the Act and no deliberate evasions were possible.

Draft Coal Mines Rescue Rules.—On the 5th March, 1938, the Government of Bengal forwarded a copy of the Government of India Notification dated the 15th March, 1938, regarding Draft Coal Mines Rescue Rules and invited the views of the Chamber on the same. The Rules aimed at rescue work in mines and proposed to establish a Rescue Stations Committee for the establishment, maintenance and management of Rescue Stations. The Committee replied on the 2nd May, 1938, giving their views in the matter. The Committee were in general agreement with the Rules, but proposed certain amendments in

some of the clauses regarding constitution of the Rescue Stations Committee and the levy and collection of the Excise Duty.

Draft Amendments to the Indian Electricity Rules, 1937.—

On the 15th March, 1938, the Government of Bengal, invited the views of the Chamber on certain amendments to the Indian Electricity Rules, 1937. The amendments were mostly minor and of an uncontroversial nature. The Committee replied on the 11th April, 1938, stating that they had to views to offer in the matter.

Bengal Money Lenders Bills.—Three Bills proposing to amend the Bengal Money lenders Act 1933 were introduced in the Assembly by Messrs. R. Tarafdar, A. Hakim and A. Hoosain. On the 12th May, 1938 Mr. D. P. Khaitan wrote to the Chamber stating that it was desirable for the Chamber to express its opinion on these Bills. On the 18th May 1938, the Government of Bengal also addressed the Chamber stating that the Select Committee to which the three private bills proposing amendments to the Money Lenders Act 1933 were referred to was going to meet on the 28th May, 1938. The Chamber was therefore requested to submit its views especially on the question as to whether any change in the existing maximum rates of interest should be made and if so what should be the maxima fixed. The rates of interest proposed in the Bills were as under:—

	Unsecured	Secured	Compound
Bengal Money lenders Act, 1933	25	15	10
Bill of Mr. R. Tarafdar	9	6	3
Bill of Mr. A. Hakim	9	5	—
Bill of Mr. A. Hossain	9	5	3
Reserve Bank	18	10	8

The Committee replied on the 21st May, 1938 giving in details their views on the provisions of the Amendment Bills. The Committee while appreciating the desirability of cheap money conditions in the country were of the opinion that the provisions of the Bills as introduced would unduly hamper and handicap financial transactions in the Province. The Committee pointed out that even in the present market conditions when the Bank Rate of 3 per cent per annum had been in operation for several years it was not possible even for big industrial concerns to float first mortgage debentures at less than 6 per cent per annum with compound interest. Moreover, first mortgage transactions on industrial or Calcutta House Properties

within recent years carrying a rate of compound interest of 8 or 9 per cent per annum were not unknown. According to the Committee to expect that the people in the province who had either no security or substantially less valuable security to offer could secure loans at 9 per cent and 5 or 6 per cent respectively was to hope for the impossible. The Committee recommended 9 per cent per annum in the case of a secured loan or 12 per cent in the case of non-secured loan as the rate of interest in section 3 of the Bengal Money lenders Act.

All the three Bills further sought to amend section 5 of the Act with a view to alter the rate of 10 per cent per annum in the case of a contract providing for the payment of compound interest, to 3 per cent per annum. The Committee stated that though the Bank Rate at present was 3 per cent per annum it was the rate at which demand loans would ordinarily be given by the Reserve Bank on the security of Government Promissory Notes. Such Bank Rate, moreover, underwent alterations from time to time and was sometime back as high as 8 per cent. The Committee therefore suggested that for maintaining the credit structure in the province it was not desirable to reduce the rate of interest mentioned in section 5 of the Money lenders Act. The Committee further drew attention to clause 4 of Mr. Ahmad Hossain's Bill which contained a very dangerous principle namely taking into account the previous payments towards interest. The Committee further pointed out that the Bengal Agricultural Debtors' Act was already in operation for the relief of the Agriculturists and the Agriculturists who needed protection got it under the provisions of that measure. It was therefore unreasonable to pass extraordinary measure for the benefit of people other than the agriculturists in order to enable them to alter contracts which they had made with the full knowledge of the liability undertaken. On the 19th July, 1938, the Government of Bengal forwarded to the Chamber a copy of the Bengal Money Lenders' Bill 1938, which they proposed to introduce in the next Session of the Legislative Assembly, and requested for the views of the Chamber on the same. This Bill differed in many respects from the three private bills previously introduced in the Assembly on the subject. It was provided that the maximum rate of interest to be decreased by the Court will be 12 per cent. per annum in case of unsecured loans and 9 per cent per annum in case of secured loans and 25 per cent. per annum in case of unsecured loans and 15 per cent per annum in case of secured loans in kind. The rates of interest suggested by the Chamber in their previous represen-

tation on the subject were the same. The Committee replied on the 3rd August, 1938 giving in detail their suggestions on the provisions of the Bill. Many points raised by the Committee in their previous communication had been met with and incorporated in this Bill.

Proposed Legislation for the Registration of Trademarks in India.—In February last year the Government of India had invited the views of the Provincial Governments and commercial bodies on the proposal to introduce a system of statutory trade mark registration (vide page 49, last year's Report). On the 8th May, 1938 the Government of Bengal forwarded to the Chamber a copy of a letter from the Government of India as also of the report annexed therewith on the subject of proposed legislation for the registration of trademarks in India. The report contained a summary of the views received by the Government of India to their circular issued last year. Part 1 of the report after giving a history of the proposal to introduce registration of trade marks in India summed up the case for and against legislation and indicated the lines on which the Bill for registration of trade marks was based while the Bill itself formed Part 2 of the report. Part 3 consisted of explanatory notes on the provisions of the Draft Bill. The Bill provided for the keeping of a register of trade marks at the Patent Office at Calcutta wherein all registered trade marks with the names, addresses and descriptions of the proprietors, notifications and assignments and transmissions, the names, addresses and descriptions of all registered users, disclaimers, conditions, limitations, etc., were to be entered from time to time. The trade mark was to be registered in respect of particular cases or class of cases. Any person claiming to be a proprietor of a trade mark used or proposed to be used by him who was desirous of registering it was required to apply in writing to the Registrar in the prescribed manner. Any person within the prescribed time could give notice to the Registrar of opposition to the registration. The registration of a trade mark was to be for a period of 10 years but could be renewed from time to time.

The Federation of Indian Chambers of Commerce and Industry also sent a note on the subject and invited suggestions on the same. The Committee replied on the 7th July 1938, stating that they were in general agreement with the provisions in the Draft Bill circulated by the Government. With regard however to the provision about the maintenance of the register of trade marks at the Patent Office only, the Committee pointed out that it was essential in a vast country like India to maintain certified duplicates of registers at more than

one centre, e.g., at Delhi, Bombay and Madras, in addition to Calcutta. Registration of trade marks however might be confined only to the Headquarters of the Patent Office at Calcutta. The Committee also suggested that there should be no registration of pictures as also names of Indian gods and goddesses as trade marks. The fees for application of registration and for the registration and renewal of trade marks should not, the Committee pointed out, be fixed at a high level as otherwise the large number of smaller manufacturers would not be able to take advantage of the legislation. With regard to reciprocity arrangements, the Committee stated that there was no reason why difference should be made between India and the United Kingdom on the one hand and India and the Indian States and other foreign countries on the other, as proposed in the Draft Bill. According to the Committee arrangements with all outside countries or states should be uniform and strictly on the basis of reciprocity. The Committee also emphasised that the power of making such reciprocal arrangements should be invested in the Government of India and in no outside authority.

Proposed introduction of elective principle into appointments to the Indian Accountancy Board,—In accordance with the opinion expressed by the Select Committee of the Legislative Assembly that the Indian Accountancy Board which the Governor-General is empowered to establish under the Indian Companies Act should contain a progressively increasing elected element on its reconstitution, the Government of India proposed a scheme for the introduction of elective principle to appointments to the Board. The Chamber received a letter from the Government of India in this connection on the 2nd June, 1938. The Scheme proposed that out of the 20 seats on the Board 12 seats reserved for professional accountants should be filled by election. For the purposes of election India was divided into four territorial constituencies namely, Bengal, Bombay, Madras and other areas and they were given 3, 4, 3 and 2 seats respectively out of the 12 seats to be filled up by election. Out of these 1 seat each was reserved for Europeans in the constituencies of Bengal and Bombay.

On the 2nd September, 1938, the Committee sent a comprehensive representative to the Government of India in the matter. The Committee appreciated that the Government of India in consultation with the Provincial Governments and following the resolution passed by the Indian Accountancy Board in

December, 1937 had proposed to introduce elective principle into appointments to the Accountancy Board as envisaged by the Select Committee of the Legislative Assembly. The Committee pointed out that the elective principle now proposed to be introduced, however, fell far short of the expectation of the profession in this connection. The proposed scheme restricted the eligibility for election to the Board only to approved accountants. In the opinion of the Committee, this amounted to a clear injustice to other members of the profession. The Committee emphasised that all registered accountants of a certain standing should be eligible for election to the Accountancy Board. The Committee further opposed the proposal in the scheme to keep two seats reserved for European chartered accountants in the constituencies of Bengal and Bombay. The Committee suggested that no seats should be reserved for European chartered accountants but that seats proposed to be reserved for them should be thrown open to all chartered accountants. The Committee also suggested that the number of seats allocated for business representation should be increased to 6 and that the right of nomination of these seats should be given to the Federation of Indian Chambers of Commerce and Industry which is the central and most representative organisation of Indian trade, commerce and industry.

Views of the Chamber on the Motor Vehicles Bill.—

The Committee had considered the provisions of the Bill to consolidate and amend the law relating to Motor Vehicles introduced in the Central Assembly in March 1938 and submitted their views on the Bill to the Government of India. The Government sent a telegram on the 21st June 1938 requesting the Chamber to send their views on the Bill to the Government of Bengal. The Committee replied on the 23rd June, 1938 stating that the Chamber did not receive any communication from the Government of Bengal asking for their views on the Motor Vehicles Bill, but as the Bill was an important one, the Committee on their own initiative had sent their views to the Government of India. Moreover, the Committee stated that when the attention of the Government of Bengal was drawn to this fact they replied that the Government of Bengal did not invite the views of any of the Chambers of Commerce on the Bill except the Bengal National Chamber of Commerce whom they consulted at the request of the Government of India. The Committee enquired as to the reasons for such instructions being issued to the Government of Bengal. The Government of India replied on the 29th June, 1938 stating that the Bengal National Chamber of Commerce had in May 1938 expressed a desire to offer their views on the Motor Vehicles Bill and requested

for a number of copies of the Bill. However, as the privilege of direct consultation on Bills circulated for public opinion was not accorded to any individual Association and as it was left Provincial Governments to obtain opinion from such persons and bodies as they thought fit to consult, the request of the Bengal National Chamber was passed on to the Government of Bengal with the remark that if they saw not objection, that Chamber might be given an opportunity to express its views on the Bill. The Government of India stated that there was no intention of according the Bengal National Chamber a preferential treatment in this matter.

Motor Vehicles Bill, 1938.—The Government of India introduced the Bill to consolidate and amend the law relating to Motor Vehicles in the Central Legislative Assembly on the 18th March, 1938. The main objects of the Bill were to codify the law relating to motor vehicles in India and smoothen the way for the co-ordination of road and rail transports. The Committee considered the provisions of the Bill and made a comprehensive representation to the Government of India on the 21st June, 1938. The Committee appreciated that the basic law relating to motor vehicles, namely the Act of 1914 had now become antiquated. The Committee therefore recognised the necessity of a comprehensive legislation regulating the traffic uniformly for the whole of British India but were of the opinion that the regulating provisions should not be so stringent as to cripple the very form of transport they seek to regulate. The economic position of those who carried on this form of Transport and the remuneration they derived from the same should also be taken into consideration while imposing a new set of regulations. Regarding the question of co-ordination of road and rail transports, the Committee remarked that the provisions of the Bill in this respect were very unsatisfactory and were viewed with serious apprehensions. The Committee recognised that there should be an effective co-ordination between the two forms of transports, namely, road and rail, but pointed out that co-ordination did not mean that one form of transport should be sacrificed or subordinated to promote the interests of the other. Co-ordination should aim at proper transport facilities for the people and should achieve the maximum efficiency. The Committee appreciated that a capital investment of Rs. 800 crores had been made in the Indian Railways and that the railways as such were a national asset. They however pointed out that motor transport had got certain inherent advantages which the railways did not possess. The Committee were therefore of the opinion that the railways instead of trying to cripple motor competition should improve

their own services for they would have then less to fear from motor transport which was still in comparatively a early stage of development. As regards the question of compulsory insurance of motor vehicles against third party risks, the Committee pointed out that conditions of motor transport and social conditions generally in India had hardly reached a stage when insurance against third party risks would be absolutely justified. The Committee while aware of the findings of the Motor Vehicles Insurance Committee that India had a high rate of accidents compared to other countries felt that with the putting into operation of reasonable regulations with regard to safety of passengers and by the adoption of systematic propaganda to acquaint the public with the road rules and Safety First precautions, this high rate of accidents could be considerably reduced. The Committee also suggested several detailed amendments in the Bill.

Proposed Amendments to the Indian Electricity Rules 1937.—On the 15th March, 1938 the Government of Bengal forwarded a notification of the Central Electricity Board dated the 14th February, 1938, regarding the draft of certain amendments to the Indian Electricity Rules, 1937. The Committee considered the proposed amendments and found no objection to the same.

On the 11th June, 1938 the Government of Bengal wrote to the Chamber forwarding a copy of the Government of India Notification dated the 10th May, 1938, regarding the proposed amendment of rule 73 (1) of the Indian Electricity Rules, 1937 and invited the views of the Chamber on the same. The Committee had, however, no views to offer as the amendment was of a minor nature.

Prevention of Cruelty to Animals Bill, 1938.—On the 1st June, 1938 the Government of Bengal forwarded to the Chamber a copy of the Prevention of Cruelty to Animals (Amendment) Bill, 1938, as introduced in the Legislative Assembly and invited the views of the Chamber on the same. The Bill aimed to remedy the defects which had been found in the existing Act and in particular to make more effective provision for checking the evil practice of phooka. The Committee replied on the 15th June, 1938 stating that they felt that the powers granted by the proposed section 13 to the police officers providing for arresting without a warrant a person committing an offence under this section if that person refused to give his name and address, coupled with the power under the proposed section 4 (g) about registration and the existing section 8 (1) of the Act about search warrant, would serve the purpose. The Committee were therefore agreeable to the provisions of the Bill.

Definition of Wages under the Payment of Wages Act.—

Pursuant to a news item which appeared in one of the local papers regarding a case under Payment of Wages Act decided by an Ahmedabad Magistrate, the Committee addresser a letter on the 30th June, 1938 to the Ahmedabad Mill Owners Association pointing out that in the judgment the Magistrate included "a conditional bonus" in "wages" even if the condition pertaining to the grant of the bonus was not fulfilled and made its deduction penal. The Committee stated that this was a matter of considerable importance to factory-owners for they might find it difficult in future to provide for bonuses and such extra payments for regular attendance, efficiency etc. The Committee inquired if any seps were being taken for filing an appeal in the case or for approaching the Government for an amendment of the Act. The Ahmedabad Mill Owners' Association replied on the 7th July, 1938 stating that the mill companies who were defendants in the case were applying to the High Court in revision and that the Chamber will be kept informed about any further development in the matter.

Restitution of Mortgaged Lands Bill.—The Marwari Chamber of Commerce, Bombay, wrote to the Chamber on the 9th August, 1938 stating that they had protested against the restitution of Mortgaged Lands Bill and similar measures introduced by the Punjab Government in the Legislative Assembly. According to them, the enactment of these bills was bound to prejudice the interests of the non-agriculturists mentioned in the bill many of whom were small merchants. The Marwari Chamber had addressed a letter to the Viceroy as also to the Governor of the Punjab in this connection and requested the Chamber to support the same. The Committee replied on the 26th August, 1938 stating that in their opinion the matter was a provincial one relating to the Punjab Government, and it was hardly appropriate for them to take it up. The Committee, however, wrote to the Federation of Indian Chambers of Commerce and Industry on the 25th August, 1938 drawing attention to these Bills.

Amendment of the Trade Disputes Act 1929.—On the 21st July, 1938, the Government of Bengal forwarded a copy of the letter addressed by the Government of India to Provincial Governments regarding amendment of the Trade Disputes Act 1929 and invited the views of the Chamber on the same. The Trade Disputes (Amendment) Bill as introduced in the Central Legislative Assembly was referred to the Chamber for views in December, 1936 by the Government of Bengal. The proposals in the Bill represented the

changes considered desirable by the Government as a result of the criticism of the Trade Disputes Act, 1929 (originally passed for five years but converted into a permanent Act in 1934) by the Royal Commission on Labour and the two Courts of Enquiry. Clause 8 of the Bill proposed to substitute a new sub-section for section 16 of the Act, empowering the Governor-General and the local Governments to declare for a period of two months from the date of the notification "any strike or lock-out then in being" or thereafter taking place in furtherance of any existing trade dispute, to be illegal. This clause was largely supported when the Bill was circulated but was criticised in the Legislative Assembly. It was argued that it was undesirable to give to the executive the power to create an offence. The clause was also objected to on various other grounds. When the report of the Select Committee was submitted to the Assembly, the Government of India withdrew clause 8 but at the same time re-affirmed their adherence to the principle underlying the provision. The Select Committee had restored the original section 16 of the Act and to combine the new provision with it would have entailed, according to the Government, a radical re-drafting which they felt should not be undertaken without a reference to the Provincial Governments. The Government had therefore now circulated a draft and invited views on the same. The amendment provided that from the date of appointment of a Board of Conciliation or a Board of Enquiry until the publication of its conclusions or for a period of two months whichever was less, any person who commenced, continued, instigated or incited others to take part in or otherwise acted in furtherance of a strike or lock-out in pursuance of the trade dispute, with reference to which the Board or a Court had been appointed shall be punishable with imprisonment or fine. A proviso was also added that no person shall be deemed to have committed an offence under this section by reason only of his having ceased to work or refused to continue to work or to accept employment. The Committee replied on the 1st September, 1938 giving their views in the matter. The Committee appreciated the object underlying the proposed amendment namely that in the event of a trade dispute having arisen and the Government stepping in to endeavour to conciliate the parties, it was undesirable to allow the parties to the dispute to carry on hostilities. The Committee, however, pointed out to the probable cases in which the workers themselves might make it impossible for the employer to keep his factory going on. Obviously, in such cases, the employer should not be held responsible for the stoppage of the work and these cases should be distinguished from lock-outs. The Committee thought it advisable to draw Government's

attention particularly to this point as they found that in the draft amendment now proposed by the Government of India, it was intended to append a proviso to sub-clause 1 in order apparently to meet the argument that the workers' right to strike should not be taken away.

Proposal to amend clause 12 of the Letters Patent of the Calcutta High Court.—The Committee had addressed a letter to the Government of Bengal last year emphasising the necessity of amending clause 12 of the Letters Patent of the Calcutta High Court, as, on account of a recent judgment of the Calcutta High Court, great difficulty was experienced by persons desirous of getting money on mortgage on properties situated outside Calcutta. On the 15th September, 1938, the Committee further wrote to the Government on the subject and requested that necessary steps should be taken without delay to amend clause 12 of the Letters Patent as desired. The Government of Bengal replied on the 27th September, 1938 stating that the matter was under their consideration and it would take some time before a decision was reached.

Proposed amendment of the Sale of Goods Act 1930—The Committee had some correspondence with the Government of India last year on the subject of amendment of the Indian Sale of Goods Act 1930. The Bombay High Court had decided that the term "jangad" as used in the diamond trade meant in all cases "sale or return" and that therefore the property in goods passed under section 24 of the Sale of Goods Act to the person holding the goods on "jangad." This had created a very difficult situation in the diamond trade as it was no longer without risk to entrust valuable goods on jangad to middlemen. The Committee had requested the Government that the customary meaning of the term "jangad" as "entrustment for a specific purpose" be provided for in the Sale of Goods Act. When the Government of Bengal referred the question to the Chamber in March 1937, the Committee had reiterated the same views. In the 21st September, 1938, the Government of Bengal wrote to the Chamber stating that they had been informed by the Government of India that after carefully considering the various opinions received by them they had reached the conclusion that no case had been established for undertaking legislation for amendment of the Indian Sale of Goods Act 1930, for purposes of regulating the transactions known as "jangad" or "jakad." The matter is receiving the attention of the Committee.

Proposal for the revision of the Merchandise Marks

Law. — In February 1937, the Government of India had circulated for views a memorandum on the subject of the revision of the Indian Merchandise Marks Act 1889. The suggestions received on this memorandum were incorporated in the form of a report a copy of which the Government of Bengal forwarded to the Chamber on the 22nd July, 1938 along with a draft bill on the subject and invited views on the same. It was proposed in the bill that the definition of trade marks in the Merchandise Marks Act was to be kept on the same lines as in the draft Trade Marks Bill. The definition in the Penal Code was also proposed to be revised so as to include (1) Trade Marks registered in India (2) Trade Marks registered in the United Kingdom, and (3) Trade Marks which either with or without registration were protected in such foreign countries and countries as fell within the purview of section 58 of the Trade Marks Act. It was also proposed that unregistered marks should be classed as trade descriptions under section 4(i) of the Act. The Bill further proposed that the Central Government may by notification require that goods of any class which were made or produced beyond British India should bear an indication of the country of origin. The amendment further provided for the obligatory marking of width on each piece of piece-goods. It was also proposed that the name of the manufacturing mill or the first wholesale purchaser in India should be stamped at reasonable length on each piece of piece-goods. The Committee replied on the 20th September, 1938 giving their views in a detailed representation on the subject. While appreciating the steps taken by the Government to revise the Act, the Committee pointed out that the new section which was proposed to be substituted under the Act for the existing section 478 of the Penal Code sought to maintain the existing benefits for British trade marks registered under the United Kingdom Trade Marks Act though no reciprocal benefits for Indian trade marks were given in the United Kingdom. The Committee emphasised that the arrangements with all the outside countries or states should be uniform and strictly on a reciprocal basis. The Committee further recognised the desirability of maintaining some distinction between registered and unregistered marks in the interests of the scheme of registration but pointed out that unregistered trade marks should not be treated as mere trade descriptions. The Committee also suggested that all goods imported into the country should bear a clear indication of the country of origin and that the Government might only be empowered to specify such goods which might not bear such mark. Referring to the require-

ments about the name of the manufacturer to be stamped at reasonable length on each piece of cloth manufactured by factories in India, the Committee pointed out that not only would the appearance of the piece be spoiled by such stamps but also the folding and stamping charges would be increased and a special automatic stamping machinery involving considerable expenditure would have to be installed. The Committee also emphasised that arrangements should be made with Indian States particularly Indian Maritime States to ensure that the requirements about stamping and the country of origin were observed in case of goods directly imported by those States as otherwise there was a possibility of foreign goods being brought into British India through the Indian States with marks falsely showing that the goods were manufactured in that particular State.

Extension of the Anti-Phooka Act to certain districts.—

At the instance of the Anti-Phooka Association, the Committee addressed a letter to the Government of Bengal on the 30th July, 1938 urging the Government to extend the punitive provisions of the Bengal Cruelty to Animals (Amendment) Act 1938 to the districts of Burdwan, Bankura and 24 Parganas. The Committee pointed out that the object of the legislation would be defeated to a large extent if these districts were not brought within the purview of this Act. Moreover, the Committee stated, the public in these districts had also demanded for an extension of the Act to their districts.

Bengal Boiler Attendants' Rules.—The Government of Bengal wrote to the Chamber on the 26th July 1938 forwarding a copy of the Draft Boiler Attendants Rules which they proposed to make under Section 29 of the Indian Boilers Act 1923 and invited the views of the Chamber on the same.

Rule 2 of the Rules prescribed that a boiler must be in charge of a person holding a boiler attendant's certificate. The classes of certificates and capabilities of holders thereof, constitution of the board of Examiners, Examination for the grant of certificates for competency, testimonials to be produced by the candidates, age and training of second class candidates, examination subjects and grant of certificates were dealt with in other rules. The Committee after consulting various interested members replied on the 29th November 1938 giving their detailed views on the draft rules. The Committee pointed out that under the proposed rule 7, boilers for example, in Jute Mills would always be deemed to be in use though during the night and at the weekends boilers steamed only to about 20% of their total capacity.

Each factory would in that case be required to have at least 5 men with first class certificates in order to comply with the rules of the provisions of the Factories Act. The Committee suggested that the rule should be so amended as to keep in view the practice followed by factories of maintaining a certain percentage of steam even though the work had stopped. The Committee were also of the opinion that the rules about certificates and examinations were very stiff and the syllabuses for the first class certificates were very high. They pointed out that most of the tindals and sardars were uneducated persons and if they were tested by much standards most of them would not be able to pass the tests. All the same these men due to practical experience could manage the boilers quite satisfactorily and the Committee did not see any reason why they should be displaced. The Committee therefore expressed the opinion that it should not be compulsory for every boiler attendant to possess a certificate of competency when his work related to only firing the boiler and that the boiler sardar and the tindal should also be required to possess only a second class certificate as the first class certificate examination was too technical and advanced for them.

The Committee also suggested that in view of the large number of factories having boiler plants in the membership of the Chamber, this Chamber should be granted the right to send their representative on the Board of Examiners proposed to be constituted under the rules.

Amendment to Indian Electricity Act 1910.—On the 19th September 1938 the Government of Bengal forwarded to the Chamber a copy of the letter addressed by the Government of India to various Provincial Governments inviting their views upon a rough draft bill containing a number of amendments proposed in the Indian Electricity Act 1910. The main amendments in the draft bill related to the sections dealing with the termination of licenses granted to electric undertakings and the procedure connected with and consequent on such termination. Various difficulties had arisen in connection with the procedure in recent years and these with certain tentative proposals for amendments, it was stated, were discussed by the Central Electricity Board who were in favour or revision. The Committee after considering the various amendments proposed in the draft bill submitted their views in details on the 22nd November 1938. The existing section 4 (1) (d) of the Act authorising the Government to revoke a license if in their opinion a licensee was incapable of discharging his duties by reason of his insolvency was proposed to be amended by clause 1 to the effect that Provincial Government may

revoke the license if in their opinion "the financial position of the licensee is such that he is" unable to fulfil his obligations. The Committee pointed out that such a revocation should be made only after a thorough enquiry has been made in the matter. Clause 2 of the Bill proposed to substitute a new section 5 in the place of the existing section to the effect that where the Provincial Government feels that the two conditions in Section 4 (1) (c) of the Act—failure to deposit security or to satisfy the Government that the licensee is in a position to discharge his duties and obligations—are not fulfilled, they may issue a notice to the licensee and from that date all powers and liabilities of the licensee shall cease. Sub-section 2 to the new section also sought to remedy certain defects in the existing procedure. While the Committee were agreeable to the amendments, they pointed out that it was essential that the licensee should be given an opportunity to offer his explanations for the grounds on which revocation was proposed. The Committee also felt that after the revocation of the license no undue hardships should be experienced by the outgoing licensee and some provision should therefore be made about payment to be made to him within a definite time. The Committee further believed that the goodwill of a company is an important thing and should not be overlooked. Necessary amendments were therefore suggested in this connection as also in clauses 4 and 6 of the Bill regarding previous sanction of the Provincial Government before the opinion of the local authority to purchase the undertaking arise and about interim management and accounts.

Draft Gas Cylinder Rules, 1938.—On the 7th November 1938, the Government of Bengal forwarded to the Chamber copies of the Government of India Department of Labour Notifications Nos. M.1272 (1) and (2) dated the 28th September 1938. The first notification declared any gas when contained in any metal container in compressed or liquified state to be an explosive within the meaning of the Indian Explosives Act 1884. Pursuant to this the Government of India proposed to make certain rules to regulate the manufacture, possession, transport and importation of such gases. These Rules called the Draft Gas Cylinders Rules were published for eliciting public opinion in the second notification referred to above.

The Views of the Committee having been invited on the same the Committee addressed communications on the 3rd December and on the 10th December 1938 to the Government of India on the subject. The Committee pointed out that the schedule attached to the rules divided Cylinders into two divisions with certain specifications,

According to the Committee, however, it would be very difficult to find out the date of manufacture and the name of the manufacturer and hence to know whether the cylinder conforms to British Standard Specification 401/1931. Moreover, many gas concerns were filling in cylinders supplied by their customers and these cylinders had no mark of manufacture. The Committee further stated that a large number of cylinders were released by the Army Authorities at the end of the war and these cylinders which were placed in the Indian market did not show any mark of manufacture. The Committee were, therefore, doubtful if it was possible to ascertain the name of the manufacturer and other particulars of the specification of the cylinders. According to the Committee accidents caused by the bursting of cylinders containing CO₂ gas were not very frequent in India and when they did occur they were not due to the quality of the cylinder used but mostly on account of improper filling and handling. The Committee were therefore, of the opinion that this requirement about the specification should not be applied to cylinders already in use in the country. The Committee further pointed out that the Dry Ice and Refrigerator Industry had been newly started in India and these factories supplied dry Ice from which gas was manufactured by sublimation or melting. There was hardly any demand at present for dry ice for Refrigerator purposes and transport facilities and dry ice was therefore manufactured for turning into gas. The Committee believed that this nascent Industry would be hard hit by such requirements. The Committee also referred to rule 9 of the Draft Rules which required cylinders to be completely dried before filling. According to the Committee, it was not possible to observe this requirement completely and drying of cylinders would require it to be removed every time it was refilled and this would require not only extra labour but involved deterioration of valves if handled frequently by the labour of the type generally available for these factories.

Amendment to Indian Coal Mines Regulations, 1926. On the 21st September 1938, the Government of Bengal forwarded for views of the Chamber, the Government of India, Department of Labour Notification dated the 11th August 1938 publishing certain draft amendments to the Indian Coal Mines Regulations, 1926—The amendments related to the dimensions of pillars and galleries, the shape of pillars formed in any seam, the distance between the centres of any two adjacent pillars left in a seam, the height and width of a gallery, the extraction of pillars etc. On the 7th November 1938, the Committee addressed a letter to the Government of Bengal giving their

views in the matter. Regarding Regulation 77 (2) providing that save with the previous permission in writing of an Inspector, no gallery in a seam shall exceed 10 ft. in height or 16 ft. in width, the Committee pointed out that there may be instances where the varying conditions in the collieries might make it impracticable. The Committee suggested that there should be a right of appeal against an order passed by the Inspector.

Regulation 77 (4) described the distance between the centres of any two adjacent pillars left in a seam. The Committee pointed out that the figures in the table should be such as are divisible by 5.

Regulation 78 (3) provided that during the systematic extraction of pillars no splitting or reduction of pillars or heightening of galleries shall be effected for a greater distance than the length of two pillars ahead and the pillar thus being extracted or from the point at which pillar extraction was about to begin. The Committee believed that this provision was not practicable and they suggested that the words "2 pillars" should be deleted and the words "300 ft." should be substituted.

Payment of Wages Act and deduction from wages.— The Indian Sugar Mills Association wrote to the Chamber on the 21st October 1938 stating that Section 9 (2) of the Payment of Wages Act, 1936 provided that the amount of deduction from wages for absence from work shall, in no case bear to the wages payable to the employed person in respect of the period for which deduction is made a larger proportion than the period for which he was absent bears to the total period, within such a period during which by the terms of his employment he was required to work. The Association pointed out that this provision appeared to forbid factories from making any deduction on account of holidays even if a labourer absented himself from work on days immediately preceding or succeeding such holidays. The workers were, therefore, encouraged to absent themselves on days before or after holidays with a view to enjoy a longer vacation. In view of the inconvenience caused to the factories on account of this unauthorised absence, the Association requested the Chamber to take up the matter with the Government of India to have the necessary amendment made in the Payment of Wages Act, 1936.

The Committee replied on the 29th October 1938 stating that if a worker employed on a monthly wage basis absented himself from work on days preceding or following a holiday or holidays as the case may be, the holiday or the holidays may be counted along with the number of working days on, which

he has been thus absent as "the period of absence" and wages may be deducted for all the days accordingly. If, however, the worker absented himself only either on the day or days preceding a holiday or day or days following, the wages for such a holiday or holidays as the case may be, cannot be deducted along with the wages for the working day or days on which the worker had been absent.

MARINE

Refunds for short shipments—At the instance of Messrs. Adam Osman, the Committee addressed a letter on 13th January, 1938 to the Commissioners for the Port of Calcutta inviting their attention to the difficulties experienced by shippers in getting refunds for short shipments. The Committee stated that till recently shippers had to supply to the Port Authorities only the date on which the relands were filed with the Customs Office when applying for refund but that they understood that the Port Authorities were now insisting on mention being made of the correct date of relands as published in the Customs House Daily List of Exports. The Committee pointed out that as the Customs Office took about 4 or 5 days to publish the relands in their Daily List, exporters were put to the inconvenience and unnecessary trouble of referring to the Export List daily. The Committee therefore requested the Port Authorities to continue the old practice of verifying the dates from the Customs List. The Port Commissioners replied on 14th January, 1938 informing that the present procedure had been in force since 1930 and as no complaint had been received so far, it was difficult for them to believe that the practice had been causing much inconvenience to the shippers. The Port Commissioners, however, suggested that the party concerned might discuss this matter with the Chief Accountant personally. Accordingly a representative of Messrs. Adam Osman and the Assistant Secretary of the Chamber interviewed the Chief Accountant on 20th April, 1938. The Committee again received a letter from the Commissioners for the Port of Calcutta on the 28th April referring to the interview and stating that they had examined the following three points which were mentioned at the time of the interview:—

- (a) How do the smaller shippers obtain the reland date?
- (b) Do the Commissioners insist on the correct reland date being stated in all instances before the refunds are granted?

- (c) Could any procedure be arranged with the Customs Authorities to enable the process of granting refunds being simplified?

As regards the item (a), the Port Commissioners stated that the smaller shippers obtained the date of publication of relands from the Statistics Department of the Customs House. In connection with the second point, it was stated that in a few cases shippers gave incorrect dates and where they did so the refund applications were returned to them for correction before any refund was granted. As regards the third point, the Port Commissioners were doubtful if the Customs Authorities could or would be able to simplify the system and suggested that the Chamber might address the Collector of Customs direct on the subject. The Port Commissioners further suggested that they were prepared to maintain a copy of the relands as published in the Customs Daily List, in the Collection Office, for public reference to enable small shippers to obtain the date of publication of relands. The Port Commissioners enquired whether the Chamber would agree to that proposal.

The Committee addressed a further letter to the Commissioners for the Port Calcutta on the 13th October 1938 stating that if the present procedure of applying for refund had been in force since 1930, the filling in of the exact date of short shipment as published in the Customs daily list had not been insisted upon. The Committee pointed out that leaving aside certain large shippers the majority of others were not stating in their applications the date of relands as published in the Customs daily list which itself proved the difficulty which would be experienced if the Port Commissioners insisted on the filling up of the correct date. The Committee also maintained that when all relevant particulars were given under the different columns in the application for refund, it was not very essential for the Port Commissioners to insist on this requirement. The Committee, therefore, requested the Port authorities not to insist on the filling up in the application form for refund of short shipment of the exact date of reland as published in the Customs daily list. The Port Commissioners replied on the 28th October 1938 stating that this information was considered essential for the rapid tracing of short shipment and the procedure had not been objected to previously. They regretted that they were unable to agree to the request of the Chamber which, if done, they believed, would result in a great deal of work in their office and a delay in passing refunds

Report of the Pilotage Dues Committee.—On the 27th January, 1938 the Government of India wrote to the Chamber stating that after going through the views expressed by the Chambers of Commerce in Calcutta on the Report of the Pilotage Dues Committee, 1932, they had come to the conclusion that the rate of pilotage fees as set out in Appendix A of the Report should be adopted. The Government of India pointed out that the introduction of the proposed new scale was deferred on account of adverse conditions of trade but as there had been considerable improvement in the receipts of pilotage fees and with the consequent addition of surcharges to the existing scale the deficit had been entirely wiped out and the present was a suitable time for the introduction of the proposed new scale. The Government of India further pointed out that the proposed new scale would afford relief to the shipping to the extent of $8\frac{1}{4}$ per cent as compared with the existing scale plus the two surcharges. The views of the Chamber were invited on the proposal.

The Committee replied on 19th February, 1938 stating that the scale provided in Appendix A was not satisfactory as the tonnage increase was Rs. 20 for every 500 gross tons whereas in the Rangoon Pilotage scale the same worked out at Rs. 10 for 500 gross tons. The Committee further stated that the draft curve suggested in the Report of the Pilotage Dues Committee was too steeply graded and that it was necessary to have a much more gradual scale on the draft basis. As regards the statement of the Government of India that the proposed new scale would yield about $8\frac{1}{4}$ per cent less than the existing scale plus the two surcharges, the Committee observed that the surcharges were necessarily temporary by nature and they should not be included in estimating the real incidence on pilotage dues. The Committee pointed out that the surcharges were imposed on the pilot dues in Calcutta, one of 15 per cent in 1938 and the other of 10 per cent. in 1932 and the shipping interests were looking to a removal of both the surcharges. But the effect of the substitution of new rates, the Committee stated, would be the abolition of the 10 per cent. surcharge while the surcharge of 15 per cent would be stabilised. The Committee therefore stated that they could not agree that the new scale would afford any genuine relief to the shipping and they felt that the new scale should have been judged independently and compared with the existing one without any consideration of the surcharges. The Committee further pointed out that a steamer arriving in slight draft would have to pay more under the new scale than at present, and that some concession should be made for steamers entering or clearing out in ballast as was customary in many ports.

The Committee further suggested that steamers on a draft upto 15 feet to 16 feet should be exempted from pilotage and that arrangements might be made to give pilot certificates to masters of vessels piloting their own ships with drafts not exceeding, say, 20 feet.

Control of Coastal Traffic of India Bill.—The Government of Bengal wrote to the Chamber on the 30th May, 1938, inviting views on the Control of Coastal Traffic of India Bill as reported by the Select Committee. The Bill was introduced in 1936 in the Central Assembly by Sir A. H. Ghuznavi but was re-drafted by the Select Committee with a view to provide a more practical scheme for achieving the objects aimed by the Bill. A definition of the word coastal traffic was added as also a system of registration was introduced. Clause 5 of the Bill provided that if a complaint or a report or other information was received that unfair competitive methods were being employed by any person using a ship for the purpose of coastal traffic whether by lowering of the rates of fare or freight or granting of rebates or concessions or otherwise, the Government may fix minimum rates for the carriage of passengers and goods between any two ports in British India.

The Committee replied on the 25th June, 1938 stating that while they recognised that the Bill as re-drafted by the Select Committee was in several respects an improvement upon the original Bill, they shared the opinion expressed by several members of the Select Committee that even in its present form it was not such as to achieve the object of the measure, namely, the development of an Indian mercantile marine. The Committee further pointed out that shipping was a matter of great national importance and the Government should take the initiative in bringing forward a measure which should encourage and protect Indian enterprise. The Committee were further opposed to the statement embodied in the objects and reasons of the Bill that "there should be no discrimination between British and Indian shipping." The Committee pointed out that the coasting trade of a country was universally regarded as a domestic sphere of trade in which non-national flags could not engage as a matter of right, but to which they might be admitted as an act of grace. The Committee also offered criticism on some of the provisions of the Bill.

River Problems in Bengal.—On the 27th April, 1938 the Government of Bengal forwarded a copy of a note on River Problems in Bengal by Mr. S. C. Majumdar, Chief Engineer, together with a questionnaire on the subject and invited the views of the

Chamber on the same. The replies were to be collated for discussion at a conference which was proposed to be convened in connection with the question of developing the irrigation policy of the Government. The questionnaire related to (1) river problems with reference to artificial irrigation; (2) erratic distribution of rainfall in Western Bengal; (3) necessity of storage to supplement the river flow and the distribution of abundant water resources available in Bengal; (4) the river problems with reference to navigation, erosion, etc.

The Committee replied in a detailed communication on the 30th May, 1938. The Committee pointed out that there were nearly 15,000 miles of Inland Waterways in Bengal and their importance for irrigation and as means of transport and system of drainage was vital to the agricultural production, public health and economic life of the province. These waterways, however, as already recognised by the Irrigation Department Committee of 1930 were not maintained in as efficient a state as their importance demanded and their neglect alone with certain other mistakes in policy had led to deterioration in the productivity of the soil and in public health particularly in Western and Central Bengal. The Committee further pointed out that the policy of constructing embankments which had obstructed the flow of rivers and upset the entire regime of waterways was responsible for increasing the flood menace and should therefore be abandoned. Moreover, the waterways in Bengal, according to the Committee, offered immense possibilities for the development of Inland Navigation. The Committee also suggested that the possibilities of developing Hydro-Electric power particularly in North Bengal should be investigated. According to the Committee the waterways in Bengal should be co-ordinated and controlled by an authority which should have the powers as well as the financial and technical resources to carry out excavation, canalisation, dredging, drainage and other works essential for maintaining and improving their efficiency.

Adequate participation of Indian Shipping in Indo-British Maritime Trade.—In view of the negotiations going on between the Lancashire Delegation and the Government of India along with the non-official advisers on the subject of Indo British Trade Agreement, the Committee addressed telegrams on the 21st May 1938, to the Government of India and Sir Purshottamdas Thakurdas and Mr. G. D. Birla, emphasising the necessity of providing for adequate participation of Indian shipping in the Indo-British Maritime Trade. The Committee pointed out that such a participation would serve to implement the policy of assisting development of Indian Shipping.

in overseas trade declared by the Government and would give effect to the widely recognised principle that the claims of national shipping should form a vital part of any Trade Agreement with other country. Sir Purshottamdas Thakurdas, Leader of the Unofficial advisers, replied on the 23rd May, 1938, stating that they had received similar representations from other associations but it was difficult to bring in this question in a decisive manner. He further stated that unless the Committee of Chamber desired that the negotiations should not proceed further if an agreement was not arrived at regarding participation of Indian Shipping, it was not the suitable time for pressing the claims of Indian Shipping in this connection. Sir Purshottamdas, however, assured that at the final stage of the Trade Treaty this point would not be overlooked. The Government of India also replied on the 6th June, 1938 stating that the views of the Chamber in this connection were noted by the Government.

Hours of work for Indian Seamen.—On the 5th January, 1938 the Committee received a letter from the Principal Officer, Merchantile Marine, forwarding a copy of a letter from the Government of India regarding the hours of work for Indian Seamen. The Government stated that the combined subject, "Hours of work and manning" was one of the items placed on the Agenda of the 21st (Maritime) Session of the International Labour Conference held in October 1936, and was adopted by the Conference. The Government further stated that the question of the hours of work for seamen had in the past been the subject of international discussion on more than one occasion and the Government of India had hitherto taken the attitude that Indian Seamen should be given special treatment in the matter. The main reason for this, according to the Government, was that Indian Seamen came into competition with European Seamen than whom by reason of their inferior physique and lower level of education, they were considered to be less efficient and consequently if allowance were not made for this factor in such matters as hours of work and rates of pay, lascars, would find it increasingly difficult to obtain employment. The Government further stated that they had considered the question of the action to be taken on the Draft Convention and Recommendation adopted by the Labour Conference and it appeared to them that the provisions of the Convention had not been framed with due reference to the conditions in India and were not suitable for application to this country at present. At the same time the Government of India felt that the time had come to attempt some regulation of the hours of work of Indian Seamen. The Government stated that they were advised that the hours of work prescribed for

a British Seaman by the International Maritime Board Agreements were suitable for Indian seamen and might be adopted subject to suitable modification where necessary without having an adverse effect on the opportunities of employment for Indian seamen.

The views of the Chamber being invited on the question, the Committee replied on the 25th May, 1938, stating that the Indian Employers' Delegates representing Indian Shipping had all along opposed the proposal to exclude Indian seamen from the application of such Convention and for giving them special treatment so as to make them work for a longer number of hours than the hours of work laid down for the other seamen in the International Convention. The Committee further stated that they could not accept the grounds on which the Government urged special treatment for Indian seamen. According to the Committee the Government should not object to include Indian seamen serving in foreign-going ships in different climatic conditions within the scope of the International Convention on the ground of necessity of providing employment for them while at the same time expressing solicitude for the interest of non-Indian seamen who might be thrown out of employment owing to the competition of Indian seamen. Moreover, the Committee could not accept the view that the Indian seaman in the Engine Room or in the Saloon Department was less efficient than his European colleague. The Committee were further of the opinion that since Indian seamen on British vessels were engaged in India and since they were not included in the collective agreements made in England under the National Maritime Board, it was desirable that an Indian National Maritime Board for the settlement of such questions as were dealt with by the National Maritime Board in England, should be immediately established more or less on the lines of such a Board functioning in England.

Proposed Amendments to the International Convention for the safety of life at Sea, 1939.— The International Convention for the safety of life at Sea was signed in London on the 31st May, 1929. The Norwegian Government proposed certain amendments to Articles 26 and 27 of the Convention. The amendments proposed that all ships engaged in international voyages unless exempted under Article 28 be fitted with a Radio-telegraph installation complying with the provisions of Article 31 as follows:—

- (a) All passenger ships irrespective of size;
- (b) All cargo ships of 1000 tons gross tonnage and upwards;

- (c) All cargo ships of less than 1000 tons gross tonnage when engaged on voyage across the Atlantic Ocean between harbours situated north of latitude 36 N.

The Government of India wrote to the Chamber on the 4th April, 1938 inviting the views of the Chamber on the proposal. The Committee replied on the 16th May, 1938 stating that they did not find any justification in the statement of the Organisations of the Norwegian Seamen and Ships Officers for reducing the existing tonnage limit of cargo ships as mentioned in Articles 26 and 27 to which the compulsory installation of a Radio-telegraph was applicable. Unless a very strong case was made out justifying the installation of a Radio-telegraph ship under 1600 tons, it was undesirable in the opinion of the Committee to impose this additional burden on shipping.

Light Vessel on the Eastern Channel.—On the 29th June 1938, the Commissioners for the Port of Calcutta addressed the Chamber stating that the system of utilising a blue light composition as a flare on the Light Vessel on the Eastern Channel was introduced in about 1889 when the light used at this station had a probable maximum power of 3000 C. P. As the light used at present is of 80,000 C. P. and no other light vessel of this power augments its normal range in this way, the Commissioners proposed to discontinue the use of blue light at the Eastern Channel Light Vessel as an experimental measure. The Committee replied on the 13th July 1938 agreeing to the proposal of the Port Commissioners to discontinue the use of this light.

Sickness Insurance for Indian Seamen.—On the 28th July 1938 the Principal Officer, Mercantile Marine Department, wrote to the Chamber inviting views on a letter from the Government of India regarding Sickness Insurance for Indian Seamen. The Government of India had stated in their letter that the attitude of the India Government delegates at the 21st Maritime Session of the International Labour Conference when this subject was on the agenda was that the recommendations of the Labour Commission regarding provision of measures for alleviating hardships arising from sickness among labourers were under the consideration of the Government of India. However, when these recommendations were examined, the Government were of the opinion that starting of a sickness insurance scheme was not practicable for the time being. A Draft Convention was however, adopted at the 21st Session which designed to introduce such a system. The Government, however, believed that in view of the

illiteracy and unemployment prevailing among Seamen such a system was not feasible and moreover the system of sickness insurance and the grant of cash and other benefits could not be undertaken, according to the Government, except as a part of a wider system covering all classes of labourers. The Government of India, however, were of the opinion that as there was a possibility of claiming as a right the contribution paid by owners of vessels registered in U. K., on behalf of lascar seamen, the possibility of introducing some system of sickness insurance should be explored, possibly for a particular class of seamen at special centres. Before however, taking any action, the Government felt it necessary to consult the shipping companies and seamen's unions concerned whose co-operation was necessary and from whom it might be necessary to levy contributions either in the form of periodical subscriptions or as a fixed fee at the time of the discharge of the Seamen.

The Committee replied on the 31st October, 1937 giving their views in the matter. The Committee disagreed with the conclusion arrived at by the Government of India that the establishment of a compulsory system of sickness insurance based on the provisions of the Draft Convention was not feasible at present. The Committee appreciated that the Government of India were, however, in sympathy with the principle of 'Sickness Insurance Convention.' The Committee pointed out that about 43000 Indian Seamen were employed by British Shipping Companies and these companies were under an obligation according to the National Health Insurance Act to pay their contribution even for the Indian Seamen employed by them. Such contribution was, however, not utilised for the benefit of Indian Seamen but spent solely for the welfare of British Seamen. The Committee felt it strange that such a large class of Seamen should be excluded from the benefit of Sickness Insurance, particularly in view of the fact that the rate of wages paid to the Indian seamen was only about $\frac{1}{2}$ of the rate paid to British Seamen. The Committee therefore strongly urged that efforts should be made to secure an agreement by which the amount contributed by British companies could be claimed on behalf of Indian lascar. The Committee were, further of the opinion that the scheme should not be organised for only one class of seamen but arrangements might be made in the beginning in a way as to bring ultimately all seamen under the Sickness Insurance Scheme. The Committee also suggested that more liberal provisions in regard to the period upto which wages should be paid to the sick seamen as well as the period upto which it should be the liability of the shipowner to pay for his treatment,

should be made. The Committee also referred to the difficulty about securing proper hospital treatment for Indian Seamen at important Indian ports.

Approach Roads to the New Howrah Bridge.—It was mentioned in the Report of the Committee last year (page 34) that a letter was addressed to the Government of Bengal on the 20th September, 1937 stating that the Committee had noted the opinion of the Government that when the construction of the bridge was sufficiently advanced, a decision would be taken whether additional works were necessary and if so who should execute them. On the 27th July, 1938, the Committee addressed a further letter to the Government of Bengal on the subject at the instance of Messrs. Soorajmull Nagarmull. The Committee pointed out that if according to the proposal which they understood was placed before the Standing Committee on Roads an approach road was constructed on the Howrah side from the Grand Trunk Road to the Western end of the Traffic Circus of the New Bridge by widening the present Hari Mohan Bose Road, it would put the residents and the industrial concerns in north Howrah to much inconvenience, unnecessary delay and trouble in reaching the bridge and incidentally the business quarters in Calcutta. The Committee suggested that an approach road from the southern end of the Howrah Road proceeding by way of a gradually sloping road way to the traffic circus of the New Bridge should be constructed in accordance with the public opinion in Howrah. On the 20th September, 1938, the Committee also addressed a letter to the Calcutta Improvement Trust on similar lines. The matter was further discussed by the Committee in connection with a resolution passed by the Calcutta Corporation emphasising the necessity of a northern approach on the Calcutta side to the New Bridge being constructed by the Port Commissioners. The Committee resolved to address a letter to the Government of Bengal pointing out the necessity of constructing a northern approach to the bridge at the same time as the southern one, on the Calcutta side.

On the 2nd November 1938, the Committee addressed a communication to the Government of Bengal referring to the discussion in the Calcutta Corporation over the question of providing a Northern Approach to the New Howrah Bridge on the Calcutta side. They pointed out that the matter was long pending between the Bridge Commissioners on the one hand and the Calcutta Improvement Trust on the other, and there was a likelihood of the interests of a large section of the city's population residing in the North Calcutta being

jeopardised. The plan first prepared by the Port Commissioners included the Northern Approach on the Calcutta side though the plan was afterwards modified to provide only the Southern Approach Road and this modified plan was sanctioned by the Government of Bengal. While the Committee appreciated the Government's view-point in this matter, they could not think of the New Howrah Bridge in a too parochial light only as a link between the Strand Road and the Howrah Station for it was an essential link between Calcutta as a whole on the one side and Howrah on the other. The Committee expressed their surprise to note that the Government of Bengal did not look upon the Northern Approach Road as an essential part of the scheme of the New Howrah Bridge and were thus overlooking the interests of the large and important section of the population residing north of Harrison Road. The citizens of Calcutta were paying an annual contribution of Rs. 5 lakhs for the new bridge and on a conservative estimate more than half of this amount came from those residing north of Harrison Road. It was regrettable according to the Committee that in return to this contribution the residents of North Calcutta were to get no direct connection with the proposed bridge but would be left with the prospect of circuitous journey between North Calcutta and Harrison Road and thence to the bridge.

The Committee further pointed out that the Port Commissioners even had never questioned the necessity and usefulness of such an approach but only pleaded paucity of funds and the physical difficulty in carrying out the project inasmuch as the land would be needed for construction purposes until the project was finished.

It was further stated that when the question was taken up by the Committee during the previous year with the Port Commissioners, they referred the Committee to the Calcutta Improvement Trust who in turn replied stating that the responsibility was with the Commissioners for the New Howrah Bridge. Even the Government of Bengal in their letter of the 3rd September 1937 did not give any definite reply as to the authority responsible for the construction of the Northern Approach. While the Bridge Commissioners, did not previously commit themselves to one way or the other, now it was suggested that the cost of the Northern Approach road should not be borne by them even if it was found on completion of the bridge that they could afford to finance it. The Committee therefore urged that the responsibility for constructing the Northern Approach should be finally fixed.

The Government of Bengal replied on the 5th December 1938 stating that they had no comments to make in the matter at present.

Rate-War in Haj. Traffic —On the 6th September, 1938, the Committee addressed a detailed communication to the Government of India regarding impending rate war between the shipping companies in the traffic for the carriage of Haj pilgrims. The Committee pointed out that last season the deck fares which constituted the most important item of the traffic were brought down from Rs. 172 to bare Rs. 20 between Karachi and Jeddah which virtually meant a loss of at least Rs. 27 per passenger to shipping companies, and that a similar rate cutting had already started for the ensuing season. The Committee deplored this drastic rate cutting and uneconomic competition in this trade in order to drive out the Indian shipping enterprise which was participating in this sphere since last year. The Committee stated that the participation of Indian shipping in this sphere was not only welcomed by persons interested in the welfare of pilgrims including the Port Haj Committees of Calcutta, Bombay and Karachi but also by various departments of the Government of India. The Committee regretted the failure of the conference of representatives of the shipping companies convened by the Government in July last to put an end to the rate war. The Committee stated that this pilgrim traffic which emanated from and terminated in India and was concerned with the carriage of Indian Pilgrim passengers was legitimately India's own sphere of overseas trade. The Committee therefore urged the Government to intervene immediately and prevent the Indian shipping enterprise which had gone into this traffic from being driven out.

The Government of India replied on the 17th September, 1938 stating that the matter was under their consideration.

Learning that the agreement between Shipping Companies regarding maximum and minimum rates for carriage of Haj Pilgrims between India and Jeddah which was arrived at with the help and through the good offices of the Hon'ble the Commerce Member in October last had been suddenly terminated by the Moghul Line, the Committee addressed a telegram on the 5th December 1938 to the Government of India protesting against such unilateral termination of the Agreement without reference to the Government of India or consultation with the other shipping companies which was party to the Agreement. The Committee drew attention

to drastic and ruinous rate-cutting which had resulted from this termination in Calcutta where rates had been halved causing confusion, hardships and inconveniences to pilgrims and involving severe loss to shipping companies. In view of the past assurance of the Government to encourage participation of Indian shipping in Overseas trade, the Committee requested the Government to take immediate action to enforce the terms of the Agreement voluntarily arrived at between the two companies and see that both the companies abided by these arrangements during current Haj season as such rate war was neither in the interest of shipping nor of pilgrims.

INDUSTRY & LABOUR

Deductions from wages for damage to or loss of goods under Payment of Wages Act.—On the 4th February, 1938, the Committee wrote a letter to the Chief Inspector of Factories inquiring as to whether the employer could make deductions from the wages of an employee under Section 7(2) sub-clause (c) of the Payment of Wages Act, 1936, for the damage done by him to the employer's goods, particularly in the textile mills, due to his negligence while the goods are in the course of manufacture. The Chief Inspector of Factories replied on 10th February, 1938, informing that the words "expressly entrusted to custody" used in the sub-section were designed to exclude mere handing over for manufacturing purposes and accordingly if an article were handed over to a worker for the purposes of carrying out work with or upon it, a deduction was not permissible for any damage or loss. The Chief Inspector further stated that if the same article was made over to an employee such as store-keeper for custody only and was lost or damaged whilst in his custody, a deduction could be made in accordance with Section 10 and a fine imposed in accordance with Section 8. The Committee consulted the Bombay and Ahmedabad Millowners' Associations also on this matter, and decided ultimately to record the matter for the present.

Proposed Committee to enquire into the working of the various technical & Industrial Institutions of the Provinces.—On the 7th February, 1938, the Director of Industries, Bengal, wrote to the Chamber that the Government proposed to set up a Committee to enquire into the working of the various technical and industrial Institutions of the Province with a view to find out what has been achieved

in the past and in what way and manner the curriculum and courses of instruction to foster Technical Education should be overhauled. The Chamber was invited to suggest the names of two persons having experience in running of industrial factories combined with experience of industrial education to be included among the names the Director of Industries intended to suggest to the Government for approval.

The Committee suggested the names of Mr. D. P. Khaitan and Mr. A. L. Ojha to the Director of Industries on the 14th February, 1938 in connection with this proposed Committee.

The Cawnpore Labour Enquiry Committee.--The Committee received a letter dated the 19th May 1938 from the Employers' Association of Northern India forwarding a copy of the views submitted to the Government of the United Provinces on the Report of the Cawnpore Labour Enquiry Committee and requesting for the support of the Chamber to the same. The Committee replied on the 31st May, 1938 expressing their serious concern at the labour situation in the country. They generally agreed with the views of the Employers' Association that the prevailing unrest was mainly due to causes which were not genuinely economic in their nature and was frequently aggravated by unnecessary interferences from outsiders actuated by political or other motives. Such strikes, they pointed out, would not only hamper the growth of industrialisation in the country but also in certain cases would tend to encourage foreign competition to the detriment of indigenous industries. The Committee further stated that the cost of any measures of amelioration of the conditions of labour would have ultimately to be paid out of the earnings of the industry itself so that while favouring all possible and legitimate measures for the improvement of labour conditions, the Committee were of the opinion that it was essential to undertake such measures after an impartial examination of the economic condition of the country as well as of the particular industry concerned. It was also necessary to take a long range view of the problems confronting an industry and hasty measures should not have been devised on the basis of temporary conditions. Moreover, without an All-India policy determining these issues, industries in some provinces and centres were, in the opinion of the Committee likely to be handicapped or to be placed at a disadvantage. The diversion of some of the industries to Indian States was also a contingency that was to be taken into consideration. The Committee stated that they agreed with the Employers' Association that adequate

representation should be given to industrialists in all enquiries undertaken in connection with labour problems.

Industrial Legislation & Co-ordination of Labour Policy.—

The Committee received a letter dated the 26th June, 1938 from Mr. D. C. Ghose, Jalpaiguri, on the question of Industrial legislation and co-ordination of Employers' Labour Policy. It was suggested by Mr. Ghose that central organisations like the Federation of Indian Chambers of Commerce and the All India Organisation of Industrial Employers should set up circle joint industrial legislation sub-committees in order to pursue the policy of industrial legislation in various areas, disseminate information and technical knowledge and to pursue a co-ordinated policy of labour welfare between the industrialists of the various groups and the Government of the country. The matter is receiving the attention of the Committee.

Bihar Labour Enquiry Committee.—On the 18th June 1938 the Committee addressed a letter to the Government of Bihar in connection with the personnel of the Labour Enquiry Committee appointed by them. The Committee pointed out that the vital consideration which should guide the Government in constituting such a Committee was to ensure that the enquiry commanded confidence of all the parties concerned, for the whole success of the enquiry depended upon the same. This fundamental principle, the Committee held, was not followed in the constitution of the Labour Enquiry Committee. They pointed out that the Enquiry Committee as constituted contained an element which not only held pre-determined views but, as matter of fact, had taken sides in industrial disputes and controversies.

The Committee believed that such an element would greatly affect the feeling of confidence in the Committee. The Committee of the Chamber, therefore, suggested that the Enquiry Committee should be reconstituted. They were of the opinion that the enquiry should be of a judicial nature and be held entirely by persons holding high judicial appointments. Such a Committee, in the opinion of the Committee, would win the confidence and respect of all concerned. æ

24th Session of the International Labour Conference 1938.

The Federation of Indian Chambers of Commerce and Industry wrote to the Chamber on the 29th March 1938 stating the subjects to be discussed at the 24th Session of the International Labour Conference 1938 and requesting the Chamber to forward their views on the same to Lala Shri Ram, Indian Employers Delegate and to Seth Shanti Das Mangal as his adviser. The Committee sent their detailed views on the subjects before the Conference as desired.

Draft Convention and Recommendations concerning Safety Provisions in the Building Industry.—On the 27th June, 1938, the

Government of Bengal forwarded to the Chamber a copy of a letter from the Government of India along with enclosures regarding Draft Convention and Recommendations concerning Safety Provisions in the Building Industry adopted by the 23rd Session of the International Labour Conference held in June 1937, and invited the views of the Chamber on the same. The subject of safety provisions in the Building industry was placed for first discussion at the 20th Session of the International Conference in 1936. A questionnaire was thereupon issued to various Governments on the subject. The safety provisions related to scaffolding and hoisting machinery and applied only to the construction of buildings of more than one storey. At the 23rd Session of the Conference a detailed Convention and Recommendation intended partly to be an alternative for States which did not ratify the Convention were adopted. The Indian Government Delegates had explained at the time that the elaborate proposals were unsuited to Indian conditions. The Conventions and Recommendations adopted were the three ancillary Recommendations (concerning co-operation in accident prevention in the building Industry, Vocational Education in the Building industry and Inspection respectively) and the Draft Convention related to rules about scaffolding, working platforms, gangways, stairways, openings in the floor, hoisting appliances, safety equipment etc. The Government of India had requested for the opinion of Provincial Governments about the desirability of such legislation according to the Resolutions passed in the previous Session of the Central Legislature. According to the Government of India the Draft Convention and the alternative Recommendation concerning Safety Provision and the Recommendation about Inspection could be implemented only by Legislation but as regards the two Recommendations concerning co-operation in accident prevention and vocational education, the Provincial Governments were, according to them, competent to take suitable action to implement them. The main question for consideration, the Government of Bengal had pointed out, was whether the extent and character of the hazards involved called for any action, legislative or executive, and whether it was possible to eliminate or reduce the risk in construction in the manner proposed by the Draft Conventions and Recommendations. The Committee replied on the 30th July, 1938, stating that regulations providing for safety measures in Building Industry where large buildings and buildings of more than one storey were concerned, were desirable both on humanitarian and economic grounds. According to the Committee, however, it would

be difficult to frame regulations which would apply to the individual conditions which must vary in the case of each building operation and would at the same time be neither too complicated for the average Overseer to grasp nor too vague to be of much practical use. The Committee further pointed out that any regulation would necessitate a large body of inspectors to see that the regulations in force were being complied with. They felt that in the case of large buildings the adequate enforcement of safety provisions would require the wholetime services of at least one Inspector. The Committee, therefore, believed that the Recommendations of the International Labour Conference on this subject though beneficial to workers would be difficult to be implemented in India. In the opinion of the Committee, the best way of minimising the possibility of accidents in building constructions was to place in charge of work of any magnitude an experienced and properly qualified Engineer whose business amongst other things should be to see that reasonable precautions against accidents were observed.

Award of State Technical Scholarship.—The Director of Industries, Bengal, wrote to the Chamber on the 12th July, 1938, stating that scholarships used to be given previously to *bona fide* permanent residents of Bengal for training abroad in technical subjects. The object was that the scholarship holder should on their return home after training, assist in developing the industries of the province. He further stated that no scholarship, however, could be granted during the last eight years on account of financial stringency. On receipt of several applications, the Government had, however, now agreed to consider the matter again and referred it to the Board of Industries for their examination and recommendation. The Board had referred the matter to a Sub-Committee who decided to invite opinions of Chambers of Commerce on the subject. The Director of Industries further pointed out that scholarships were to be awarded for training preferably in such industries as had a real and pressing need for technically trained men and were such as could be developed with the assistance of such men to the economic advantage of the province.

The Committee replied on the 30th July, 1938, stating that they were glad to note that the Government had agreed to consider the question of the revival of these scholarships. While the Committee appreciated that the main object for giving these scholarships should be "that these holders should on their return home after training assist in developing the industries of the Province, they believed that it would be in the interests of these trained men themselves and ultimate-

ly also of the province that these returned scholars should be free to accept employment in industrial concerns in other parts of the country, if no suitable opportunities were available to them within the Province.

25th Session of the International Labour Conference. The Federation wrote to the Chamber on the 3rd November 1938 that the 25th Session of the International Labour Conference will be held during the second week of June 1939. In accordance with the procedure which had been adopted in the past by the Federation Committee, the Chamber was requested to forward for consideration of the Committee of the Federation any particular name or names that they wanted to suggest for nomination as Employers' Delegate or his Adviser to attend the Labour Conference. The Committee replied suggesting the names of Sir A. R. Dalal the President of the Chamber and Mr. D. G. Mulherker, Secretary, Federation of Indian Chambers of Commerce and Industry as the Employers' Delegate and Adviser respectively. On learning from the Federation that they had suggested the same names to the Government, the Committee also addressed a telegram to the Government of India suggesting these names.

POSTS & TELEGRAPHS

Telephone Installation in Ranigunge Area.—For the last two years the Committee have been in correspondence with the Director General of Posts and Telegraphs in connection with the extension of Telephone facilities in the Raniganj Coal Field Area. On 2nd March, 1938, the Committee again addressed a letter to the Director General of Posts and Telegraphs expressing regret that no action was taken by the Department to extend Telephone facilities to the Raniganj Area although the matter was being considered for a long time. The Committee stated that several new projects were understood to have been proposed by the Posts and Telegraphs Department in the next financial year and in the Budget proposals the Finance Member had stated that in order to enable the new projects to be undertaken with the minimum of delay, a Special Telephone fund was to be created and a capital grant of Rs. 2½ Crores to the fund to cover expenditure for the next 5 years was to be provided out of which it was expected to spend Rs. 40 lakhs in 1938-39. The Committee, therefore, strongly urged that in view of the above and looking to the inconvenience felt

by the collieries in the Raniganj Area, the arrangements for the extension of telephones to that area should be immediately undertaken. The Director General of Posts and Telegraphs replied on the 9th April, 1938, stating that the question was still under consideration and that a further reply would be sent when a decision had been finally reached.

The Committee thereupon addressed a further letter on the 25th April, 1938 to the Director General expressing their regret that the question of establishing telephone system in the RaneeGUNJ Coal Fields' Area was still under consideration of the Postal Department. The Committee pointed out that as early as April 1936 they had drawn the attention of the Postal Department to the difficulties experienced by the Coal Industry in the RaneeGUNJ Area, owing to the absence of telephone facilities. The collieries in most of the cases were situated far away from the Head Offices and a direct means of communication like telephone was very much needed. The Committee referred to the correspondence with the Postal Department during the last two years on the subject and emphasised that collieries in the RaneeGUNJ area were put to a considerable handicap owing to the absence of telephone facilities and that in the interests of the Coal Industry steps should be taken immediately to see that the telephone systems were extended to the RaneeGUNJ Coal Fields Area. The Director General of Posts and Telegraphs replied on the 16th May, 1938 stating that the remarks of the Chamber on the subject had been noted by him.

Holding of Cash Certificates by Banks and others in excess of Rs. 10,000.—This subject has a reference on page 103 of the last Annual Report. On the 7th March, 1938, the Committee addressed a letter to the Government of India referring to the Notification dated 1st September, 1932 of the Government of India in which the conditions on which the Post Office Cash Certificates were offered for sale to the public were published and suggesting certain alterations in the same. The Committee observed that the Post Office Cash Certificates were not Negotiable Instruments and hence they could not be lodged as security with a Bank and an ordinary investor found it difficult to raise money against the same. The Committee pointed out that in cases when a Bank got a Cash Certificate transferred to its name for advances made, a mere endorsement at the back of the Cash Certificate together with a letter of authority could not legally be considered as sufficient security in as much as a borrower might rescind such instructions and the Bank would have no remedy whatsoever against it. Even in case of the death of the

borrower the Bank's right to the amount of the cash certificates would not be recognised by the Post Office. The Committee, therefore, suggested that suitable rules should be framed to safeguard the interests of the Bank and similar institutions advancing money on the security of Cash Certificates. The Committee further observed that the maximum limit of Rs. 10,000 worth of Cash Certificates that might be held by one person was too small specially when the Banks are to advance money against such securities and get them transferred in their own name. The Committee, therefore, suggested that this limit should be substantially increased.

Difficulties about mails despatched by Air to Mauritius.—

At the instance of Messrs. Adam Oosman, the Committee addressed a letter on the 11th March to the Presidency Postmaster, Calcutta, in connection with the difficulties experienced by merchants having connection with Mauritius, as a result of the introduction of the All Up Empire Air Mail Scheme. The Committee pointed out that there was no direct mail service between Calcutta and Mauritius and that after a particular steamer had left Calcutta Port with cargo for Mauritius, merchants used to despatch shipping documents etc., by overland route to Colombo, and from there the documents were sent to Mauritius by the same steamer and thus reached Mauritius together with the consignments concerned. But with the introduction of the Empire Air Mail Scheme, letters for Mauritius were to be taken by Air via, Karachi, Alexandria, Cairo, Luxor, Khartoum and Port Bell to Mombasa, and from there the mails had to be despatched to Mauritius by steamer, as there was no Air Service between Mombasa and Mauritius. The Committee pointed out that as there were sailings to Mauritius from Mombasa once or twice a month only, the mails from Calcutta took about a month to reach Mauritius, i.e., even after the cargo reached Mauritius. This resulted in great inconvenience to the importers and the Committee urged that in view of this inconvenience, letters and documents for Mauritius should be sent by sea-borne mail as before the introduction of the All Up Air Mail Scheme. A copy of the letter was also sent to the Director General of Posts and Telegraphs.

On the 19th March, 1938, the Committee addressed a telegram to the Director General of Posts and Telegraphs stating that a steamer with large cargo was due to sail to Mauritius and that according to the new arrangement the shipping documents would be delayed causing great hardship to the merchants. The Committee requested for the restoration of the previous arrangement of sending mails by surface route.

In reply the Director General sent a telegram on the 21st March, 1938 stating that post cards and letters were being sent to Mauritius via Durban and that shipping documents etc., which came under Business Papers and fell under Second Class mails to which All Up Empire Air Mail Scheme did not apply, could be sent by surface route.

The Committee again wrote to the Director General of Posts and Telegraphs on the 18th March, 1938, stating that the position with regard to the steamer service between Durban and Mauritius was similar as between Mombasa and Mauritius and hence that did not improve the situation. As regards the contention of the Director General of Posts and Telegraphs that the Shipping documents could be sent by surface route, it was pointed out that the merchants had also to send explanatory letters regarding the consignments which were as essential as the shipping documents and other business papers. Such letters, the Committee stated, were delayed by the introduction of the All Up Empire Air Mail Scheme and they reiterated their request for the continuance of the old practice. The Committee also sent a telegram on the 30th March, 1938 to the Director General requesting him to issue immediate instructions in the matter, as a steamer for Mauritius was sailing on 1st April.

In reply the Director General forwarded a copy of his letter dated 31st March, 1938, to the Bengal Chamber of Commerce stating that as Mails to Mauritius were sent via Durban, it took eight days for transit by Air, from Calcutta to Durban and seven days from Durban to Mauritius by steamer. The Director General further stated that there was one regular monthly steamer service and four irregular services between Durban and Mauritius for carrying mails and consequently the relevant communications would be received in Mauritius by the time of the arrival of the goods sent from Calcutta. The Director General also stated that First Class Mail could not be sent to any participating country by surface route.

The Committee again addressed letters on the 30th March, 1938 and the 11th April, 1938, to the Director General, pointing out that there were only four sailings per year from Calcutta to Mauritius and about half a dozen sailings per year from Rangoon, and it was only on these occasions that there was a large volume of correspondence between India and Mauritius. Moreover, cargo from Calcutta would ordinarily take about 15 to 16 days to reach Mauritius whereas relevant business letters sent by Air would easily take more than that much time, as there could be no guarantee of getting immediate

connection at Durban in the case of irregular steamer services. As communications to Mauritius and back would be only on a few occasions, as stated above, the Committee hoped that there would be hardly any difficulty in reverting to the *status quo*, particularly when those most interested in the matter desired it.

The Director General replied on 4th May, 1938 stating that the whole matter was under consideration.

On the 11th June, 1938 the Director General of Posts and Telegraphs wrote to the Chamber that he had decided as a very special case to allow the despatch of letters for Mauritius superscribed (per S. S. via, Colombo) only by the steamer named. He further stated that no other letters and postcards would however, be sent by surface route but they must be sent by air. On the 20th June, 1938 the Director General forwarded to this Chamber further information in the matter. The Committee replied on the 23rd June, 1938 thanking the Director General for his agreeing to allow superscribed mails for Mauritius to be despatched by the surface route instead of being sent by the usual All Up air route.

Indo-Burma Postal and Telegraphic Rates.—A postal notice dated the 31st March, 1938 announced certain reductions in the Postal rates between India and Burma. The Committee thereupon addressed a letter on the 20th April, 1938 to the Government of India stating that the public in India had been expecting the re-introduction of the original rates. The Committee also drew the attention to the fact that no reduction had been made in the telegraphic rates between the two countries. The Committee further stated that the change in the rate for letters from $2\frac{1}{2}$ annas for one ounce to $1\frac{1}{2}$ annas for one tola, instead of being a reduction was on the contrary an increase in the rate of postage on heavy letters. The Government of India replied on the 13th May, 1938 stating that the matter was given a very careful consideration and the reductions announced were the result of prolonged discussions between the Governments of India and Burma. The Government stated that it was not possible to apply the inland rates of postage to correspondence to a separate administration so long as that administration was not prepared to apply these rates, to correspondence from their country. According to the Government, the reductions, however, were very substantial in the case of postcards as well as in the case of letters for the first unit of weight. The Government admitted that the adoption of the tola unit had resulted in an increase in the postage charged on letters ranging from 4 tolas

but as over 75 per cent. of letters posted were within the first category of weight the benefit secured by the reduction has been according to the Government more substantial to a large number of correspondents. The Government further pointed out that the telegraphic charges were made up of the shares claimed by each of the telegraph administrations of India and Burma. The Government recognised that if some reduction could be made in the charges both ways it would be to the public advantage but they were not prepared to make a reduction in these charges so long as the Government of Burma were not in a position to do the same.

Rates for Registration of Abbreviated Telegraphic Addresses.—*Apropos* the correspondence the Committee had with the Postal Department last year, a letter was addressed to the Director General of Posts and Telegraphs on the 3rd March 1938 inquiring about the rates for registration of abbreviated telegraphic addresses in other countries of the world. The Director General replied on the 6th April, 1938 forwarding a statement giving the information desired. The Committee thereupon resolved to address a further letter to the Postal Department emphasising the necessity of reducing the rates for registration of abbreviated telegraphic addresses. The subject was discussed, meanwhile, with the Director General of Posts and Telegraphs at the meeting held at the premises of the Chamber on the 30th June, 1938.

Rates for Telegrams to U. S. A.—At the instance of Messrs. R. D. Chokhani & Sons, the Committee addressed a letter to the Postal Department on the 17th September, 1938 stating that the minimum charge for a cable from India to the First American Zone was Rs. 5-2-6 while the minimum charge for a similar cable from that Zone to India was \$1.55 i.e., Rs. 4-3 only. The difference was nearly one rupee per each cable of three words. The Committee enquired about the reason for this disparity between the rates to and from the same place as they believed that telegraph rates were fixed in consultation with all administrations concerned.

A reply from the Postal Department is awaited.

Messenger Service maintained by certain Firms for the conveyance of letters and business documents—The Indian Posts and Telegraphs Department wrote to the Chamber on the 8th August, 1938 enclosing a copy of a letter addressed by them to the Bengal Chamber of Commerce regarding messenger service main-

tained by several firms for the conveyance of letters and business documents from their Calcutta Offices to their industrial establishments outside Calcutta and back. The Department stated that the firms should be advised to discontinue the practice as the same is in contravention of sections 4 and 5 of the Indian Post Offices Act 1898 and the continuance thereof will invite Government's interference. It was further stated that the Government would be reluctant to intervene if the conveyance of letters by special messenger was confined to specific and exceptional occasions and was not made a matter of general and regular practice involving the establishment of a regular parallel postal service, though confined to the correspondence of particular individuals or firms. The Committee noted the contents of the letter.

Bearing Telephone Calls.—The Principal Information Officer wrote to the Chamber on the 17th August, 1938 stating that he had recently suggested to the Posts and Telegraphs Department that newspapers might find it convenient if their correspondents were allowed to make "bearing" telephone calls in much the same way as correspondents now sent bearing telegrams. It was contemplated that a newspaper or business concern might authorise a particular person to make calls to them from a specific private telephone or from any public call office. The Posts and Telegraphs Department would allow the holder of the authority to make trunk calls to the named newspapers or business concerns. They would, of course, require the receiver of the call to deposit a certain sum as in the case of bearing press messages. The parties receiving the call would at the end of a certain specified period pay the amount in the same way as they would pay ordinary trunk call bills plus a small fee to keep the accounts. The Principal Information Officer added that the system was already in use in Europe and had been found of great convenience to newspapers and business houses as it diminished the amount which it was necessary to disburse in advance to correspondents for their expenses.

The Committee replied to the Principal Information Officer on the 1st September, 1938 stating that they saw no objection to the proposal made by him. The Committee expressed an opinion that this additional facility would be appreciated and taken advantage of by the interests concerned.

Delivery of Mails from the Calcutta General Post Office.—
—The Presidency Post Master wrote to the Chamber on the 2nd

September, 1938 stating that on account of the late arrival of the down Punjab Mail train the second delivery of unregistered articles from the Calcutta General Post Office which was scheduled at 10 a.m., seldom went out in time and consequently there was a general resentment against such late issue of this important delivery. The Postal Department had therefore proposed to alter the timings of the four deliveries issued daily from the General Post Office. The 7 a.m., delivery was proposed to be issued at 9 a.m., while the 10 a.m., delivery was proposed to be issued at 11-30 a.m. The Committee replied on the 17th September, 1938 pointing out that the Punjab Mail did not arrive so late and they did not see any reason for alteration in the timings as proposed. The Presidency Post Master again wrote to the Chamber on the 13th October, 1938 stating that there had been several changes recently in the arrival hours of the incoming trains conveying mails and in consequence of this it became necessary on reconsideration to alter the suggested hours of delivery from the Calcutta G. P. O. He had appended a table showing the new hours of delivery from the Calcutta G. P. O. The 7 a.m., delivery was now proposed to be issued at 9 a.m., while the 10 a.m., delivery was proposed to be issued at 10-30. The Madras Mail was included in the third delivery which was proposed to be issued at 12-30 instead of at 1 p.m. The last delivery was to be issued at 3-30 p.m., instead of at 4 p.m. The Committee replied on the 29th October, 1938 stating that the Punjab Mail was the most important mail of the day and it was essential that the mails carried by this train should be delivered at 10 a.m., as before. The Committee suggested that the Loop Mail which was included in the 10-30 delivery may be taken over in the third delivery at 12-30 to facilitate matters, but, in any case, the mails carried by the Punjab Mail and the B. N. R. Bombay Mail should be distributed at 10 a.m.

Difficulties in dealing with Trunk Operations.—In the course of the interview the Committee had with Mr. Bewoor, the Director General of Posts and Telegraphs in June 1938, certain members of the Committee had complained about difficulties experienced by them in dealing with the trunk telephone operators. Mr. Bewoor had promised to enquire into the matter. The Postal Department, therefore, wrote to the Chamber on the 13th October 1938 requesting the Chamber to furnish details showing the precise nature of the difficulties experienced so that they might enquire into the matter and take suitable action.

The Committee replied on the 16th November 1938 stating that firstly the time allowed for conversation between any two stations in

the country was in units of 3 minutes but it was the usual practice of the operators to interrupt the conversation at the end of 2½ minutes by mentioning "time over" although the period of three minutes was not over. According to the Committee this not only causes unnecessary interference in the conversation but also waste of time and the trunk operators therefore should be instructed to mention time over only when the three minutes were actually over. The Committee further stated that when the period of three minutes was over, the operators very often refused to give further time when required on the plea that there were many other calls pending. According to the Committee, however, the subscribers used the trunk telephone calls only in cases of important and urgent matter and in view of the fact that they had to pay considerable charges for the use of the line, they would not be inclined to ask for additional unit of time unless necessary. The Committee therefore, suggested that normally those who wished to continue for the second period of three minutes after the original should be allowed to do so. The Committee also referred to the difficulty about connections being very often given for ordinary trunk calls without giving any previous intimation with the result that a considerable part of the time unit allowed for the call was wasted in getting the right person, on the phone. The Committee suggested that the procedure generally followed during office hours of the operator giving previous intimation that there was a trunk call and joining the number after a minute or so, should also be followed in case of all calls in order to remove this difficulty.

Business Reply Telegram — The Director General of Posts and Telegraphs wrote to the Chamber on the 2st October 1938 enclosing a brief description of the new system of business reply telegrams which was in use in England and which he proposed to introduce in India if approved by a large manufacturing and commercial bodies. It was stated that business reply telegrams would bring to the manufacturing concerns enquiries and orders quickly. The manufacturing firm will have only to pay for these telegrams which were received. Such telegrams it was stated could in this way bring orders to fish, vegetable and other produce merchants, motor car agents, hotel proprietors etc. The views of the Chamber were invited in the matter as also whether or not a progressive system of this kind would serve the requirement and interests of business public by increasing sales of commodities.

The Committee replied on the 5th November 1938 stating that such a scheme would prove beneficial to the business community and would tend to increase the sales of commodities. The Committee were in favour of the introduction of such a scheme in India.

Reduction in Telephone Rate.—This subject has a reference on page No. 100 of the last Annual Report. The Bengal Telephone Corporation Ltd. wrote on the 12th March, 1938, informing that the Directors of the Corporation had sanctioned the following reductions to come into operation from 1st April, 1938:—

- (a) The fixed rental on all direct exchange lines will be reduced by Rs. 12 per annum.
- (b) The discount for prompt payment on Bills will be increased from 12½ per cent to 17½ per cent.
- (c) The over radius charges on long lines will be reduced for the first half mile from Rs. 150 per annum to Rs. 30 per annum.

The Committee thereupon, addressed a letter on the 22nd March, 1938, to the Bengal Telephone Corporation Ltd., appreciating the step taken by the Corporation but at the same time pointing out that the reductions were inadequate looking to the increasing net profit of the Corporation for the last three or four years and the increasing amount that were being carried forward from year to year. The Committee stated that reduction in Telephone charges was much more than compensated by increased revenues and they hoped that the Telephone Corporation would consider the matter again and make adequate reductions in the rental and call charges so as to bring them down to a moderate level.

Difficulties about the telephone service in Calcutta. The Muslim Chamber of Commerce wrote to the Chamber on the 11th October 1938 stating that they had represented certain grievances about telephone connections such as (1) wrong connections, (2) mix up, (3) lack of secrecy, (4) high charges to the Telephone Corporation and emphasized the necessity of the automatic system. The Telephone Corporation, it was stated, had replied stating that the Muslim Chamber should form a small Committee to discuss the matter with the Corporation. The Muslim Chamber had invited the co-operation of this Chamber in forming the small Committee to discuss the question with the Telephone Corporation. The Committee replied on the 19th October 1938 stating that they were agreeable with the view that the existing telephone system in Calcutta should be replaced by the automatic system. The Committee expressed their willingness to co-operate with the Muslim Chamber in the matter.

The Committee also addressed a letter to the Bengal Telephone Corporation on the 26th October 1938 in which they pointed out that

most of the difficulties which the subscribers experienced were due to the absence of the automatic system to the great inconvenience of subscribers and sometimes to a considerable loss to them. The Committee stated that cases of wrong connections, unnecessary delays and of connections being cut off in the course of conversation were of frequent occurrences. The Committee further stated that the Exchange System was also harmful to the subscriber in another way inasmuch as though care may be taken to avoid the subscribers being charged for wrong connections it was not an uncommon experience that the calculation of calls for which the subscriber had to pay was often wrong. The Committee were of the opinion that all these difficulties would be removed if the automatic system was introduced in Calcutta.

The Telephone Corporation replied on the 28th October 1938 stating that it was incumbent upon them to keep for inspection by Government a record of observations of the handling of calls by their operators. They stated that during the first six months of this year no less than 16,940 calls had been secretly observed and the percentage of wrong numbers due to the operator was 16% and due to the subscriber himself making a mistake 6%. They further stated that the system of registering calls as was done in Calcutta was the product of the best brains in the Telephone business in Europe and America. The existing message rate was introduced in Calcutta on the recommendation of a public Committee convened in the year 1923-24 by the Government of Bengal. According to them, there was no question at all as to the soundness either of their observation records or of their metering the calls. The Corporation further stated that the fact that the message rate system had been appreciated was shown by the growth of the system since 1924. Regarding secrecy they admitted that a subscriber had to ask for a number by speaking aloud but as this was necessary in all manually operated systems there was nothing they could do in the matter. Regarding the automatic system it was pointed out that the desirability of replacing the present system by an automatic one had been before the Board of Directors of the Corporation for sometime past and was still receiving their careful consideration.

The Committee addressed a further letter to the Corporation on the 28th November 1938 stating that the incidence of wrong numbers and the consequent annoyance caused to the subscribers could be avoided or minimised if the exchange system was converted into an automatic one. The Committee also stated that it was a common experience of many subscribers that they had to pay more than what was justified. The Committee also pointed out with the passage of

time and with the growing adaptations of modern methods of business by the commercial community, it was natural that the telephone habit should increase and it was hardly convincing to connect this fact with the merit of a particular system of rates which may have been in vogue. The Committee hoped that the decision to replace the present system by an automatic one would soon be arrived at.

The Corporation replied on the 3rd December 1938 stating that any telephone system was liable to errors of wrong numbers and as far as their company was concerned, the operating staff had been given definite instructions to allow a second call free of charge if their attention was directed to the fact that the first call had failed owing to wrong number having been connected. Regarding the contention of the Chamber that the increase in the number of telephone connections in the city during the last few years was only on account of developments of business in the city and owing to an increase in the telephone habit and not due to any particular advantage of the message rate system, the Corporation pointed out that the message rate system of charging was introduced because it was found that on the old flat rate basis the number of lines operated by the Company was steadily decreasing. According to the Corporation the principle of payment in direct proportion to the use made of the system was the only fair and equitable basis of charges. Regarding the installation of the Automatic equipment in Calcutta, the Corporation stated that the matter was receiving attention.

The Committee addressed a further letter to the Corporation on the 28th January 1939 stating that they appreciated that any telephone system operating as it was in Calcutta was liable to errors of wrong connections but they were of the opinion that the proportion of wrong numbers was higher than what was adjudged to be so by the Corporation. The Committee further pointed out that they were aware of the instruction to the operating staff of the Corporation to allow a second call free of charge when a wrong number had been given but they were extremely doubtful if a major portion of the subscribers getting wrong numbers did avail of or get second calls free of charge. The Committee further stated that they had received repeated complaints about connections being cut off in the midst of conversation. The Committee also mentioned that the case of undue delay in telephone connections was not unusual. The Committee further stated that they found it surprising to learn that the message rate system of charging was introduced because it was found that on the old flat rate basis, the number of lines operated by the Company was steadily decreasing.

The Committee pointed out that in Bombay, Ahmedabad, and Karachi where an automatic system was in operation the total number of telephone lines had risen from 8751 in 1923 to 19,461 in 1938. In Madras also the Committee stated that whereas in 1925 only 1301 lines were in operation, there were about 2825 lines working at present. According to the Committee it was natural that with the spread of modern business methods and the growth of telephone habit, telephone lines in Calcutta should also increase and to attribute it to the special merits of the message rate system was by no means convincing. The Committee further enquired if the question of introducing a graduated scale of charges combining in effect both the message and the flat rate system as was prevalent in Madras had been investigated by the Company. In the opinion of the Committee such a graduated scale if carefully evolved would afford some relief to the large users who made by far the larger number of calls registered by the company, without putting any additional burden on the small users.

Trunk Telephone Connection at Giridih and Kodarma. At the instance of Messrs. Babulal & Co., the Committee addressed a letter on the 19th December 1938 to the Director General of Posts and Telegraphs stating that Giridih and Kodarma were important towns on account of their Mica and Manganese and other mines and were in regular business communications with centres like Calcutta, Cawnpore and Bombay and the absence of telephone facility put the business community in the towns to much inconvenience and hardship. The Committee requested the Director General to enquire into the possibility of establishing trunk telephone lines in these two towns.

The Postal Department replied on the 24th January 1939 stating that the question of linking Giridih on the All India Trunk Telephone System had been examined and found to be very expensive and unremunerative as far as the Department was concerned. The proposal was, therefore, dropped. Regarding Kodarma, it was stated that the the proposal of providing trunk telephone facilities there by opening a public call office at Jhumri-Telaiya Post and Telegraph Office was under consideration.

FINANCE

Budget Proposals of the Government of India for 1938-39.—

On the 26th February, 1938, the Hon'ble Finance Member introduced the Budget proposals of the Government of India in the

Legislative Assembly. The Committee held an emergent meeting on Sunday the 27th February, 1938 at 11 A.M. They decided to send a telegram to the Government of India expressing their disappointment at the proposals and stating that in view of the improved financial and economical situation of which full account had not been taken, it was expected by the country that the long pending relief of the abolition of surcharges on Income-tax and super-tax should have been given and that the heavy burden of Excise Duty on Sugar which had been greatly detrimental to the welfare of the industry should have been reduced. The Committee further stated that in view of larger revenue from the Posts and Telegraphs Department, the Government of India should have also reduced the Postal Charges.

Imposition of Stamp Duty on Cheques.—On learning that the Government of India had introduced a Bill in the Legislative Assembly which provided for the re-imposition of Stamp Duty on cheques and also for the reduction of Stamp Duty on the land Bills of Exchange i.e., the Hundis, the Committee addressed a telegram on 21st February and a letter on 25th February 1938 to the Government of India strongly protesting against the proposed re-imposition of Stamp Duty on cheques, which was abolished in 1927 after considerable agitation by the commercial community and as a result of the recommendations made by the Currency Commission of 1926. The Committee stated that in a poor country like India it was essential that every care should be taken to encourage Banking habit among the lower and middle classes. The Committee further stated that the Central Banking Enquiry Committee also expressed themselves against the imposition of any duty on cheques and when such a measure came before the Indian Legislature in 1933 it was strongly opposed and ultimately dropped. The Committee, therefore, requested the Government of India to drop the proposal for the re-imposition of Stamp Duty on cheques as that would to a great extent handicap the growth of Banking habit among the people. The Committee, however, appreciated the proposal of the Government of India to reduce Stamp Duty on Inland Bills of Exchange which had been urged by the commercial community since a long time, and they hoped that the effect of this relief should not in any way be counteracted by the re-imposition of the Stamp Duty on cheques.

It was subsequently learned that the Government of India on account of the agitation of the commercial community and the public dropped the idea of proceeding with the Bill. The Committee thereupon addressed a telegram on 23rd March 1938 to the Government of

India stating that the commercial community objected only to the reimposition of Stamp Duty on cheques proposed in the Stamp Duties Unification Bill, but that there was hardly any controversy about the reduction of Duty on Inland Bills of Exchange, which as the Hon'ble Finance Member himself acknowledged in the Statement of Objects and Reasons of the Bill, had been recommended by all the Provincial Governments, commercial interests and also the Reserve Bank of India. The Committee therefore requested the Government of India to proceed with that part of the Bill for reducing the Stamp Duty on Inland Bills of Exchange and thus remove this grievance which was overdue.

On the 14th November 1938, the Committee addressed a communication to the Government of India urging them to reduce the Stamp Duty on Inland Bills of Exchange to as -/2/- per Rs. 1,000/- as recommended by the Central Banking Enquiry Committee and as agreed to by the Government in the Bill introduced in the Central Assembly in February last. This Bill, it was pointed out, also included a provision for the imposition of stamp duty on cheques and was opposed for this reason from all quarters. The Government of India then withdrew the whole bill even including the proposal to reduce the stamp duty on Inland Bills which measure was not only supported by the entire commercial community of India including the European community but was also recommended by the various Committees and Commissions appointed by the Government from time to time to enquire into problems relating to Currency and Finance and also by the Provincial Governments as stated by the Hon'ble the Finance Member in the course of statement of objects. According to the Committee, the reduction of the present stamp duty on these bills would greatly increase the receipts from this duty and hence would be a further safeguard against any very considerable fall in revenue. The Committee pointed out that these bills of exchange particularly in a predominantly agricultural country like India formed one of the most important factors in monetary circulation as was recognised by the Royal Commission on Indian Currency and Finance and as admitted by the Reserve Bank authorities the incidence of the present heavy duty on these bills constituted a serious obstacle and hardship in their purpose.

The Committee therefore, urged the Government to give effect to the proposal for reduction in the Stamp Duty at an early date.

Allowance to Managing Agents in computing their income from the Managing Agency Commissions.— On the 23rd March, 1938, the Committee addressed a letter to the Central Board of

Revenue regarding allowance to Managing Agents in computing their income from the Agency Commission in respect of portions of such commission paid away by the Managing Agents to other parties. The Committee pointed out that as stated in the Income Tax Enquiry Report, the position was not clear with regard to this matter and Income Tax Officers refused the allowances in certain cases and or part of the commission paid away by the Managing Agents, in computing their liability to Income Tax. The Income Tax Enquiry Committee recommended that the Tax liability in respect of such commission should be imposed upon the recipients and allowances, made therefor in computing the liability of the Managing Agents by a Notification under Section 60 (1) of the Act. The Committee enquired if any such notification had been issued by the Central Government and in case it was not done so, the Committee suggested that the Government should issue a Notification in this connection without delay.

The Central Board of Revenue replied on 18th May, 1938 that the matter was receiving their attention. The Committee thereupon addressed a further letter to the Board on the 27th June, 1938 requesting the Board to issue a notification as desired at an early date. The Central Board of Revenue replied on the 2nd July stating that the matter was still under their consideration.

The subject was also discussed at the meeting with Mr. J. F. Sheehy, I.C.S., Member, Central Board of Revenue. Mr. Sheehy admitted the inequity of making the Managing Agents' liable for income tax and super tax on the gross amount received by them from the company. The Committee thereupon addressed a further letter on the 14th July, 1938 to the Central Board of Revenue on the subject. The Committee referred to the interview with Mr. Sheehy and submitted that there was no reason why a notification now asked for and which being equitable had been specially recommended to be issued by the Income Tax Enquiry Committee, should not be issued particularly when the Government of India did not propose to give away the powers they had got under section 60 (i). The Committee requested the Government to issue the desired notification at an early date. The Committee addressed a further letter on the 27th July, 1938 to the Central Board of Revenue on the subject drawing attention to certain remarks in the Privy Council case of Tata Hydro-Electric to Agencies, Bombay, Vs. The Income Tax Commissioner, Bombay Presidency and Aden. The Committee in this letter, also made a suggestion that immoveable property held in distinct shares by co-shares should be assessed sepa-

rately and not as belonging to an association of individuals. The Central Board of Revenue replied on the 30th August, 1938 stating that the Board was soon issuing a circular on the subject of managing agents' commission. As regards the suggestion relating to immoveable property, they said that necessary provision had been made in the Income Tax Amendment Bill as pointed out by the Chamber and they did not deem it desirable to take any action in the matter, at present. The Committee thereupon addressed a further letter to the Board on the 30th September, 1938 emphasising the necessity for altering the practice prevailing at present particularly in view of the fact, that justice of the claim had been recognised by a provision in this connection in the Income Tax Bill and pressed for the issue of a notification to the effect that property held in distinct shares by co-sharers should not be assessed as belonging to an association of individuals. The Board replied on the 18th October, 1938 stating that they had nothing to add to their previous letter on the subject.

The Government of India after some time informed the chamber that they were issuing a notification in the matter as desired. A provision in this connection was also incorporated in the Income Tax Bill by the select committee.

Income Tax Amendment Bill, 1938.—The Central Board of Revenue forwarded to the Chamber on the 14th April, 1938 copies of the Income Tax Amendment Bill and invited the views of the Chamber on the same. The Committee considered the provisions of the Bill and submitted a detailed memorandum on the 15th August, 1938. The Committee pointed out that the provisions of the Bill would prove injurious to the growth of the joint stock enterprise and discourage investment in industries in the country. The sole aim with which the bill appeared to have been drafted was to recover as much as possible by trying to prevent all real or supposed avoidance and evasions of tax without in any way taking into consideration the adverse effects which undue restrictions were bound to have on the industrial and economic development of the country. The Committee criticised the provisions about domicile and residence by which the income, profits and gains of a person resident in India but having a non-Indian domicile would escape assessment if they were not brought into India while a person having an Indian domicile even when he was a non-resident would be subject to taxation. The Committee further pointed out that the proposal to allow depreciation on the written down value basis would entail great hardship on industrial concerns. Regarding the provision about bad debts, the Committee pointed out that the Income

Tax Officer should not be made the sole judge as to how much should be allowed for bad debts or what it should be allowed. Commenting upon the proposal in the Bill to amalgamate the incomes of the wife and the husband for the purposes of assessment, the Committee expressed their surprise as to how the law of the country could be set aside and made something different for Income-Tax purposes. The Committee also strongly criticised the provisions about compulsory returns and stated that the Bill completely ignored the fact that the majority of people in India were too poor to be liable to Income Tax and to illiterate to follow the complicated system of assessment. The Committee further objected to the arbitrary arithmetical criterion proposed in the Bill to ascertain whether the profits and gains of a company were accumulated beyond its reasonable needs. The Committee also strongly objected to the provision regarding reopening of assessment for a period of 6 years. The Committee stated that the assesseees were already put to much harrassment by the Income Tax Officers under the existing provisions and to confer further powers on the Officers or to extend the period of re-opening of assessment to 6 years would amount to nothing short of a persecution of the assessee.

Difficulties experienced by certain Insurance Companies in connection with the acceptance of their policies.—At the instance of the Ruby General Insurance Co., Ltd., the Committee addressed a letter to the Government of India pointing out that several banks refused to accept policies issued by sound insurance companies selected by the banks' customers as the banks or their managers were interested directly or indirectly as agents or otherwise in certain other insurance companies. When a policy issued by a company other than the one in which the banks were interested was offered, they refused to accept the same and the party had to get the existing policy cancelled and have it re-insured by a company favoured by the bank. The Committee emphasised that the practice of banks and bank managers becoming agents of insurance companies put the other insurance companies to much inconvenience and definitely retarded the growth of insurance in the country. The Committee requested the Government to use their influence to see that policies issued by the Indian insurance companies were accepted by all the banks. The Government of India replied on the 22nd September, 1938 stating that the acceptance or refusal of insurance policies offered as security was a matter which was entirely within the discretion of the banks concerned and the Government of India were therefore unable to take any action in the matter.

The Committee also addressed a letter on the 21st July, 1938 on

the subject to the President of the Exchange Banks Association, Calcutta. The Chairman of the Association replied on the 22nd July, 1938 stating that he was not aware of any bank managers especially of exchange banks being agents of insurance companies. According to his knowledge insurance policies of Indian companies were received quite freely when the position of the company warranted the acceptance of the policies. He further stated that the extent to which such policies were accepted depended upon the strength of the insurer and each bank must decide the question for itself. The Committee replied on the 9th September, 1938 giving a list of banks who were agents of insurance companies. The Chairman of the Exchange Banks Association replied on the 12th September, 1938 stating that, so far as he was aware, in all cases the matter of insurance was dealt with by the sellers of bills and borrowers against goods or property in the case of marine and fire insurance respectively. He further stated that banks naturally reserved the right to fix the maximum amount they would accept of any one company's insurance based on the standing of the particular company. He was not aware if they showed any discrimination in any other direction and declined to interfere with the right of action of other banks in the matter of their own insurance.

The Committee also addressed a letter on the 30th September, 1937 to the Calcutta Fire Insurance Association on the subject. The Committee stated that they understood that in the *moffusil* agency rules of the Association, there was a provision by which *inter alia* an individual interested in banking could not be appointed as an agent. In view of the difficulties experienced by the insurance companies, the Committee pointed out, it would be desirable if similar restriction was placed on banks and their officers so far as Calcutta area was concerned. The Association replied on the 12th October, 1938 expressing their regret that complaints had been received regarding employment of banks as agents in the Calcutta area. They assured that if any complaints were made that unfair competition of the type described by the Chamber had taken place and if concrete evidence of such unfair competition was forthcoming, the Committee of the Association would be glad to investigate the matter.

On the 22nd November 1938, the Committee wrote another letter to the Fire Insurance Association in the course of which they gave instances showing that certain banks who were agents of Insurance Companies had refused to accept policies issued by Indian Insurance Companies.

The Association replied on the 1st December 1938, regretting their inability to take any action in the matter unless approached by a member of the Association. It was further stated that the Insurance Company referred to by the Chamber was presumably a member of the Association and if that company put forward the full facts of the case the matter would be investigated by the Association.

Exchange Value of the Rupee.—On the 21st June, 1938, the Committee addressed a representation to the Government of India regarding the exchange value of the rupee wherein they pointed out that while other countries had depreciated their currencies either under the force of circumstances or as a deliberate measure, India was the only country where the external value of the currency had been kept up at an appreciated rate by the Government to the detriment of Indian interests. The Committee stated that the recent weakness in the price of the rupee indicated that if efforts to maintain its value at a fictitious level were not abandoned India would have to face another prolonged period of deflation with its consequent evils of dear money and low commodity prices. The Committee pointed out how the Reserve Bank had already commenced the process of deflation since paper currency had been contracted by about two crores and sterling resources in the Paper Currency Reserve transferred to the Banking Department to that extent. The Committee referred to the recent Press *communique* issued by the Government of India and pointed out that the policy announced by the Government was ill-advised and if it was followed the country would hardly be able to bear the cost it would entail. The Committee further pointed out that India was a debtor country and had to pay between Rs. 70 to 90 crores every year for payments abroad. If India was to discharge its debt, it would have to sell its produce at most uneconomic prices and even then it might not succeed in fully discharging its liabilities. The Committee emphasised that the time had come for an impartial and thorough examination of the external obligations of India by mutual consent, for, unless the debt position of India was completely reviewed and re-adjusted, India would find it increasingly impossible to meet its foreign liabilities. The Committee addressed a further representation to the Government of India to review their exchange policy and not to fritter away the resources of the country in maintaining the rupee at its present artificially high level. The Committee regretted that the process of contraction of currency and credit appeared to have already commenced. The Committee pointed out that between 27th May and 1st July this year, about 3 crores of the Paper Issue had been contracted and about Rs. 4 crores of rupee coins appeared

to have been withdrawn from circulation thus making the total contraction of currency to the extent of about Rs. 7 crores. The Committee also referred to the depletion of sterling resources in the Issue Department of the Reserve Bank to the extent of about Rs. 7 crores during the same period in addition to the huge drain of about Rs. 24 crores from the sterling resources held abroad by the Banking Department. The Committee pointed out that if the rate of utilisation of the sterling resources for the purpose of maintaining the exchange was as revealed from the figures of the past few weeks, namely, at the rate of Rs. 5 crores per month or about Rs. 60 crores per year, it inevitably followed that in about twelve months' time, not only would the total sterling resources which at present amounted to about Rs. 74 crores be almost exhausted but that the contraction of currency and credit would also affect the prices of commodities so adversely that the economic condition of the country in every direction would be seriously jeopardised. The Committee reiterated the immediate necessity of the Government abstaining from the policy of contraction of currency and undertaking an immediate examination of the public debt position of India.

Delay in getting receipts for payments made to the Treasury.—At the instance of Messrs. Daulatram Rawatmull the Committee addressed a letter on the 10th September, 1938 to the Collector of Calcutta drawing attention to the fact that when large sums of money were to be deposited in the treasury, the depositor had to wait for a very long time before any receipt was granted to him. Moreover, after paying the money on the counter to the clerk in charge, even no proof about payment was given to the depositor who had to wait for a long time for the receipt. The Committee, therefore, requested the Collector to see that receipts were given to the depositors without undue delay being caused to them.

Certain Objectionable clause in Marine Insurance Policies.

In the course of a letter dated the 14th December 1938, Messrs. Dev Dutta Saraogi & Sons drew the attention of the Committee to the following clause put in by the Insurance Companies on the Marine Policies.

“In the event of accident whereby loss or damage may result in a claim under this policy in respect of goods forwarded to a native consignee, survey must be held prior to goods leaving the Customs House.”

They stated that such a clause was insulting to Indian importers for it implied that Indian Importers were dishonest. They had requested the Chamber to take up the matter with the Insurance Companies with a view to get the clause removed. The matter is receiving attention.

Deposit of Securities in India by Indian Life Assurance Companies. — On the 31st August, 1938, the Committee addressed a letter to the Government of India stating that the notification dated the 1st December, 1937 issued by the Government of Burma exempting Indian Life Assurance Companies operating in Burma from making fresh deposits as required by section 4 of the Life Assurance Companies Act having expired on the 1st April, 1938 Indian Life Assurance Companies were required to deposit amounts prescribed under that section though the Companies concerned had already kept such deposits with the Government of India. The Committee pointed out that such a requirement was against the spirit of the Indo-Burma Trade Convention. The Committee also stated that the United Kingdom Life Assurance Companies in Burma had been exempted under section 33 of the Life Assurance Companies Act from the requirements under section 4 of the Act. Under section 46 of the Government of Burma Act, 1935, however, the United Kingdom Companies and Indian companies had been placed at an equal footing and the Committee, therefore, failed to see any reason why Indian companies should not be exempted in a similar way. The Committee suggested that the Government of India should negotiate with the Government of Burma at an early date with a view to arrive at reciprocal arrangements by which Indian as well as Burmese Insurance Companies might not be required to make fresh deposits in Burma and India respectively when once they had complied with the provisions of the Insurance Acts in this respect in their own countries.

Draft Ceylon Ordinance for Insurance Business in Ceylon

Understanding that the Government of Ceylon had under their consideration a Bill regulate the conduct of business of Insurance the Committee wrote a letter to the Government of India drawing the latter's attention to the provisions of the draft Ordinance. The Committee pointed out that under the provisions of the Ordinance companies carrying on or intending to carry on business in Ceylon would be required to make deposits there in addition to the deposits which they might have made in India under the Insurance Act. Moreover, whereas companies incorporated in the United Kingdom had been given special treatment, Indian companies were classed with

other foreign concerns and were excluded from such consideration. This, the Committee held, would place a great handship in the way of Indian Insurance companies doing business in Ceylon. The Committee suggested a suitable modification of the Indian Insurance Act whereby the Government of India could enter into reciprocal arrangements with the Government of Ceylon in order to provide that Indian companies who had made deposits in this country would not have to make additional deposits in Ceylon and vice-versa in respect of Ceylon companies.

RAILWAYS

Revision of train timings on the E. I. R.—The East Indian Railway wrote to the Chamber on the 23rd December, 1937, that a general revision of the train services for the April, 1938 issue of the time table, will be taken in hand shortly. The suggestions of the Chamber in this connection were invited. The Committee consulted the members of the Chamber and replied on the 7th January, 1938, forwarding several suggestions as desired by the members.

Shortage of Wagons for Coal.—On the 12th January, 1938, the Committee addressed a telegram to the Railway Board drawing attention to the great shortage of wagons for loading coal in the coal fields areas. The Committee pointed out that not only the coal trade was experiencing considerable difficulties owing to this shortage but that many factories were threatened with closure. The Committee stated that they understood that coal for the South Indian Railway which was previously shipped was now being sent by rail which had resulted in a further blocking of a large number of wagons. The Committee also pointed out that a large number of wagons was unnecessarily detained in docks waiting for arrival of ships. The Committee urged the Railway Board to take immediate steps to provide adequate supply of wagons to coal areas to relieve the coal trade and industries.

The Railway Board replied on the 22nd January, 1938, stating that they had examined the suggestion made by the Chamber for diverting to the sea route, consignments of coal intended for the South Indian Railway, but it was not considered that there was sufficient justification at present for such action to be taken. The Board also stated that steps were already taken to meet the situation created by the abnormal demand for stock and that 5,000 more wagons were now

available on the East Indian Railway than at that time last year. The Board assured that the situation was closely watched and that further measures were in hand to ensure that all demands were met to the fullest possible extent. The Committee addressed a further letter to the Railway Board on the 3rd February, 1938 stating that complaints about the shortage of wagons were still received. They requested the Board to make further adequate arrangements if necessary, so that all demands for wagons were satisfactorily met.

On 1st June 1938 the Committee addressed a letter to the Railway Board expressing regret that in spite of the assurance given by the Railway Board that the situation was being closely watched and that further measures were in hand to ensure that all demands for coal wagons were met to the fullest extent, complaints were still being received about insufficient supply of coal wagons and that in certain centres shortage of coal wagons had assumed serious proportions. The Committee stated that they were informed by Messrs. Birla Brothers Limited that there was a fear of their Mills at Delhi, Gwalior and Okara having to stop work for want of coal. The Committee therefore urged the Railway Board to take immediate steps so that no difficulty might be experienced by Industrial concerns in getting regular supply of coal from the Collieries. The Railway Board replied on the 18th June 1938 stating that, indents for wagons for coal were being met in full practically since the 5th June.

This question was also discussed at the meeting which the Committee had with the Chief and Financial Commissioners of Railways on the 28th July 1938.

Delay in arrival of consignments on the Eastern Bengal Railways-At the instance of Messrs. Chimanlal Vadilal & Co., the Committee addressed a letter on the 13th January, 1938, to the Eastern Bengal Railway drawing attention to the inordinate delay which was being experienced in connection with the transport of consignments on the Railway. The Committee pointed out that since about three months past the Mohini Mills Ltd., were experiencing considerable difficulty owing to the unusually long time taken in the transportation of their goods. Previously consignments of bales despatched from Kushtia used to take two to five days to arrive at Sealdah while such consignments now were not received, at Sealdah even within

ten days of their despatch from Kushtia which is about 111 miles distant. The Committee stated that recently the delay had been much more as several consignments despatched as far back as 24th December, 1937, did not arrive as Sealdah till the 11th January, 1938. The Committee requested the Railway to take necessary steps to ensure that such inordinate delay did not occur in the transportation of goods in future.

Rebate on Cotton booked to Cawnpore.—In continuation of the correspondence mentioned in the last Annual Report page 75, the Committee addressed a further letter to the Railway Board on the 3rd February, 1938 stating that they understood that the North Western Railway had since extended the rebate arrangements to traffic over their Railway booked to Delhi-Subzimandi and Delhi-Kishanganj. The Committee pointed out that there was considerable traffic of cotton to Morar Road and an extension of the concession to cotton consigned to Morar Road was very necessary. The mills at Delhi, would, according to the Committee, otherwise have an undue advantage over the mills at the latter station.

The Railway Board replied on the 17th February, 1938, stating that a copy of the Chamber's letter was forwarded to the N. W. Railway for replying directly to the Chamber. The N. W. Railway also wrote to the Chamber on the 7th March, 1938, stating that it had been decided to allow a rebate of 20 per cent on the freight charges on cotton booked to Morar Road subject to the same conditions as were applicable in the case of bookings to Cawnpore. The Committee addressed a further letter to the N. W. Railway on the 26th March, 1938, stating that as a result of the concession which had been granted to the Cawnpore mills, a situation had arisen in which it was possible for the Cawnpore mills to compete in the Calcutta market with piece-goods manufactured here out of Punjab cotton, for the rate for cotton from Punjab to Cawnpore cum the rate for piece-goods from Cawnpore to Calcutta was now lower than the freight rate for cotton booked from Punjab Stations to Calcutta. A handicap was thus placed in the way of the Bengal mills using Punjab cotton and the Committee urged that the concession given to bookings to Cawnpore should also be extended to cotton traffic booked to stations in Bengal.

The N. W. Railway replied on the 8th April, 1938, stating that the circumstances under which a rebate had been granted in the case of cotton booked to Cawnpore did not exist in the case of Howrah and

they regretted, therefore, that they could not extend the rebate arrangements for bookings to Howrah. The Railway also pointed out that special rates for cotton had already been quoted from principal cotton booking stations in the Punjab to Howrah and these rates worked out lower than the net rate for cotton to Cawnpore payable after allowing rebate plus the rate for piece-goods thence to Howrah. The Railway gave the instance of rates from Khanewal to Howrah.

The Committee replied on the 3rd May, 1938, stating that Khanewal was the only station from which the rates to Howrah compared favourably with the concessional rates to Cawnpore plus the rate of piece-goods from Cawnpore to Howrah. The Committee enclosed a table which showed that for bookings from all centres in Punjab except Khanewal, Howrah was placed at a considerable disadvantage if compared to Cawnpore with its 20 per cent. rebate. The Committee requested the railway to grant concessional rates also for bookings to Howrah.

The N. W. Railway replied on the 19th May, 1938, stating that they could not see their way to extend the rebate arrangements to cotton booked to Howrah. They also referred to the discussion on the subject at the 17th Informal Quarterly Meeting between the Chambers of Commerce and the Railways at Calcutta.

The Railway Board further replied on the 10th May, 1938 forwarding a copy of their letter dated the 5th May 1938 to the East India Cotton Association, Bombay. As regards the contention that the rebate being given only on consignments booked to Cawnpore discriminated between various competing centres, the Railway Board pointed out that the Railways concerned were prepared to allow a rebate on the freight charges for despatches to other centres where conditions warranted it and that the rebate arrangement had already been extended to Delhi and Morar Road. As regards the other objection, that with the condition of a minimum weight of 75,000 maunds to be despatched within a specified period, discrimination between large and small despatches resulted, the Railway Board pointed out that the minimum weight condition was coupled with the suggestion that no traffic would be despatched by any other means of transport and that this condition had commended itself to several other firms who had entered into a similar agreement. The Railway Board however, pointed out that the arrangement was of an experimental nature only and that the Agents of the E. I. the G. I. P.

and the N. W. Railways would in due course review the position and if they found that the results achieved by the rebate arrangement during the current cotton season had not been commensurate with the object for which it was designed, it would be allowed to lapse automatically at the end of August next.

The question was also taken up in the 17th Informal Quarterly Meeting between the Railways and the Chambers of Commerce. The Committee further discussed the matter with the Chief and the Financial Commissioners of Railways at the meeting they had with the Committee on the 28th July, 1938. From the 1st October, 1938 the rebate of 20 per cent. was permanently incorporated in the special freight rates. The Committee thereupon addressed a further letter to the N. W. Railway on the 12th October, 1938 regretting that the Railway had not so far taken any action in placing cotton consuming centres in Bengal in the same position as Cawnpore, Delhi and other centres which now enjoyed special freight rates for cotton. The Committee emphasised that it was essential that the position of the Bengal cotton textile industry should be considered and steps taken to see that it was not placed at a disadvantage as compared to mills in other provinces.

The N. W. Railway replied on the 5th November, 1938 stating that they could not see their way to give any reduced rates for cotton full pressed from stations on their way to Howrah as desired. The Committee thereupon decided to file a suit before the Railway Rate Advisory Committee in the matter.

Form of money receipt issued at Shalimar.—At the instance of Messrs. Hoosen Kasam Dada, the Committee wrote to the Bengal Nagpur Railway on the 22nd February, 1938, stating that the new kind of money receipts issued by the Railway were not found satisfactory by the merchants. The Committee pointed out that not only was the size of the receipt small, but it did not furnish sufficient information about the consignments. The Committee requested the Railway to re-introduce the old form of receipt at an early date. The B. N. Railway replied on the 7th April, 1938, stating that the unsatisfactory form of money receipt was issued from a second-hand Automatic Cash Register Machine temporarily in use at the Shalimar Goods Depot pending the arrival of a new Cash Register Machine

specially built to meet the requirements at the Shalimar Goods Depot. This new machine, they stated, was brought into use with effect from the 15th March, 1938, and the receipts now issued furnished the name of the consignee, Invoice number and date as also the station from or to which the consignment referred to in the Invoice number had been or was being booked. The Committee thereupon requested the Railway for a specimen of the new form of money receipt. On the 4th May, 1938, the Railway forwarded to the Chamber a specimen of the new money receipts issued at the Shalimar Goods Depot. The Committee thereupon addressed a further letter on the 31st May, 1938, to the Railway stating that the quantity of consignment was still not mentioned in the new money receipt. The Committee enquired if any arrangement could be made by which the quantity of the consignment be shown in the receipt issued by the Railway.

The B. N. Railway replied on the 7th July, 1938 stating that the money receipt forms which were being issued before the installation of the Automatic Cash Register at Shalimar had no column for "quantity or number of packages." The Railway therefore did not consider it necessary to add the information. The letter from the Railway was referred to Messrs. Hoosen Kassam Dada who wrote to the Chamber on the 13th July that the matter might not be pursued further.

Delay in taking delivery of goods into boats at Shalimar.—At the instance of Messrs. Hoosen Kasam Dada, the Committee wrote to the Bengal Nagpur Railway on the 8th February, 1938, stating that merchants taking delivery of goods at Shalimar for purposes of shipment abroad were experiencing difficulties on account of the great delay caused in transferring the consignments from the wagons to the boats. The Committee pointed out that on account of such delay sometimes the consignments could not reach the outward bound vessel in time for shipment and the merchants had to wait in such cases for many days before the next vessel was available and were thus put to losses. The Committee stated that formerly consignments used to be transferred from the Railway wagons to the boats through coolies and the delivery was expeditious but since the replacement of this method by the use of crane, the merchants were experiencing delay in getting their goods transferred from the wagons to the boats. The Committee also suggested that the consignments meant for being exported abroad might be given precedence in being transferred to the boats over other consignments, e.g. those meant to be shipped by

river to the interior markets, so that the difficulties to exporters who may have to wait as long as a fortnight for another vessel to ship their goods in case they missed one, might be minimised. The B. N. Railway replied on the 30th April, 1938, stating that the matter was examined, but from a census of traffic of ten days from the 21st March, to 31st March, 1938, they did not find any undue delay having occurred in transferring goods into boats. They stated that if there was any delay in the past it was due to the fact that boats could not be placed underneath the electric transporters during such period when the tide was very low. The Railway desired to have a few specific cases where abnormal delay had occurred in transferring goods to boats.

The letter was referred to Messrs. Hoosen Kasam Dada who in their reply dated the 26th May, 1938 gave details of an occurrence in which delay was caused in transferring the goods. The Committee resolved to address a further letter to the B. N. Railway in the matter. Meanwhile, however, Messrs. Hoosen Kassam Dada forwarded to the Chamber a copy of a letter received by them from the Assistant Commercial Manager, Shalimar B. N. Railway in which the latter had explained that from 1st June, 1938 the rice traffic for shipment at Shalimar had been exceptional heavy. The railway had regretted the inconvenience caused to Messrs. Moosen Kassam Dada and assured that no cause for complaint would arise in future.

Air conditioned service between Howrah and Bombay.—

It was stated in the report last year that the Committee addressed a letter to the E. I. and G. I. P. Railways on the 25th December, 1937, pointing out the necessity of certain improvements in accommodation and also the desirability of revising the extra charges for the use of air-conditioned coaches. The G. I. P. Railway replied on the 8th February, 1938, stating that the alterations which the Committee suggested, could not be made to the present coaches. They stated that the suggestions had, however, been recorded and would be borne in mind when additional air-conditioned coaches were built. The Committee thereupon further wrote to the Railway on the 25th February, 1938, stating that the suggested alterations related not to the construction of carriages but to the accommodation provided therein which can be and should be easily altered to the better convenience of passengers. The Committee requested the Railway to see that the alterations suggested by them particularly with regard to the widening of the berths were made in the coaches running at present in order

to increase the facilities offered in these coaches. The Committee also requested the Railway that the surcharge for air-conditioned travel should be lowered in order to make airconditioned service popular in India.

The G. I. P. Railway replied on the 14th March, 1938, stating that the upper berth in the existing air-conditioned coaches could not be raised as this would interfere with the air ducts. The proposal for increasing the distance between the lower and upper berth by decreasing the height of the former was however under consideration. Regarding the width of the berths, they stated that the Upper berth was of the same width as in the standard first class coaches on the Railway and the lower berth was only 3|4" narrower. According to the Railway, therefore, there was no cause for any complaint in this respect. Regarding the surcharge for air-conditioned travel they stated that it was fixed by the Railway Board and they had no remarks to offer on that point. The Committee replied on the 29th March, 1938, stating that it was true that the upper berth was of the same width as the upper berth of the standard first class coaches on the Railway. The lower berth, however, though only 3|4" narrower than the upper berth, was much narrower than the lower berth in the standard first class coaches which was usually wider than the upper berth. The Committee stated that this narrowness of the berth caused much inconvenience to the passengers and the same should therefore, be widened in the coaches running at present.

The Committee also addressed a further letter to the Railway Board on the 26th April, 1938, pointing out that the surcharge of Re. 1|- per 50 miles or part thereof over and above the first class fare charged by the railway for air-conditioned service between Howrah and Bombay was decidedly high as compared to the expenses which the railways had to incur for providing air-conditioned service. The Committee drew attention to the fact that the B. B. & C. I. Railway were formerly charging Rs. 5|- only as surcharge for air-conditioned travel between Bombay and Delhi and that though the same had been increased to Rs. 10|- now, it was equivalent to only Rs. -|9|- for 50 miles or part thereof. The Committee appreciated that there was a difference in the facilities offered in the air-conditioned coaches running on the B. B. & C. I. and the G. I. P. Railways but they thought that the difference of about Rs. -|7|- per 50 miles or part thereof for these extra facilities was unduly high. The Committee urged the Railway Board to take immediate steps to see that the basis of the surcharge for air-conditioned service between Howrah and Bombay

was changed. The Committee also requested the Railway Board to introduce air-conditioned service between Howrah and Delhi.

The Railway Board replied on the 1st June, 1938 stating that they were aware of the difference in the amount of the surcharge between the Bombay Calcutta service and the Bombay Delhi service but they were satisfied from the figures they had showing the extent to which the passengers were taking advantage of the air-conditioned service that the rate of the surcharge on Bombay Calcutta service was reasonable and the Board did not contemplate to consider a reduction in the same at present.

Regarding the introduction of air-conditioned service between Howrah and Delhi, the Committee were advised to address the E. I. Railway direct in the matter. The Committee accordingly wrote to the E. I. Railway on the 29th July, 1938 drawing attention to the necessity of introducing air conditioned service between Howrah and Delhi.

The Committee also addressed a letter on the 8th July, 1938 to the B. N. Railway requesting them to introduce air conditioned service between Howrah and Bombay on their railway. The B. N. Railway replied on the 28th July, 1938 stating that the question of introducing air conditioned service between Howrah and Bombay was being examined by them.

On the 30th August, 1938, the Railway gave a further reply stating that the subject was discussed at the meeting of their Bihar and Orissa Local Advisory Committee and the members of the Committee were informed that as the air conditioning of coaches was still in the experimental stage in the country, the Railway administration had decided to await the results of the experiments now being made on other railways before taking further action. The Railway did not expect that an early decision would be arrived at on the subject.

Proposed Changes in the timings of the 2 Down Delhi Mail and 4 Down Bombay Mail.—On the 7th January, 1938, the East Indian Railway wrote to the Chamber stating that the punctuality of passenger trains on the Railway had recently considerably deteriorated and in order to improve the matters the Railway proposed to run 2 Down Calcutta-Delhi Mail via the Howrah Burdwan Chord, the

arrival time at Howrah remaining the same. The Railway also proposed to run 4 Down Calcutta-Bombay Mail, over the main line via Bandel, between Burdwan and Howrah. This train had been arriving late to the extent of 50 minutes on an average per day. By making these alterations in the routes, it was hoped that these two trains will not be late in future and the interference caused to the Suburban Services would also be obviated.

The Committee replied on the 14th January, 1938, stating that it was essential to take immediate steps to ensure punctuality of the trains as far as possible. The Committee agreed to the changes proposed by the Railway but as regards the late arrival of 4 Down Bombay Mail, they pointed out that since the changes introduced in the time table from the 1st October, 1937, there had been a considerable confusion caused in the delivery of mails in the City. The principal mails of the day were delivered as late as 2 to 3 o'clock in certain parts of the city and as such had disorganised the whole office routine of a number of commercial firms. The Committee emphasised that adequate care should be taken to see that the delivery timings of the Mails were not interfered with and no delay was caused to the same.

Preferential treatment to Export traffic on Indian Railways. — At the instance of Mr. K. L. Jatia, the Committee addressed a letter on the 5th April, 1938, to the Indian Railway Conference Association drawing attention to the statement made by the Association in their Bulletin No. 1 of 1938 to the effect that the "basis of Indian Railway freight policy is often alleged to be to help the export of raw materials and the import of foreign manufactured goods to the detriment of Indian industry" and that "some justification for this belief might have existed many years ago when industrial conditions in India were very different to what they are at present and special freight rates were quoted to suit them." The bulletin continued "conditions in this respect have materially altered within the last quarter of a century but the allegation that the railway freight rates charged operate to help the export of raw materials and the import of foreign manufactured goods continued to be made apparently because railway tariffs show a large number of special rates quoted for traffic to and from the Ports." The bulletin explained that "practically all these rates have been influenced by the fact that the ports are the chief distributing centres and incidentally also the more important industrial centres."

The Committee pointed out in their letter that there were still certain special rates in operation on various railways which discrimi-

nated in favour of the export of raw materials as against their utilisation within the country in industrial production. The Committee cited the example of the rebate over the N. W. Rly. granted to wheat for export. When such a rebate had been claimed for manufactured goods like flour, atta, or bran i.e. such portion of wheat traffic as is utilised for producing these finished goods meant for export, the railways had not granted the concessions but had always turned down the request of the industries. The Committee also cited the instance of the rebate of $\frac{2}{3}$ on the freight charges given by the N. W. Rly. on all goods traffic exported to or imported from Afghanistan or Iran. A similar rebate of $\frac{1}{3}$ of the freight charges, they pointed out, is also allowed over the E. I. Rly. and the B. B. & C. I. and Jodhpur Railways on bookings from Bombay only. In the opinion of the Committee, the fact that over the B. B. & C. I. and Jodhpur Railways the rebate was granted to bookings from Bombay only proved that the system was not meant to encourage the exports of Indian manufactured goods.

The Committee pointed out that there was therefore some substance in the allegation that the basis of Indian Railway freight policy had been and continued even now in several cases to be to help the export of raw materials and the import of foreign manufactured goods to the detriment of Indian Industries. The Committee suggested that the Railway Freight Policy should be so framed as to promote industrial development in the country.

The Indian Railway Conference Association replied on the 2nd July 1938 stating that the substance of the Chamber's letter was communicated to the Railways concerned. The Association forwarded the remarks of the Railways on the various points raised by the Chamber. Regarding the rebate of $\frac{1}{3}$ on traffic from Bombay to Afghanistan and Iran, the B. B. C. I. Railway stated that they were agreeable to the rebate being allowed on the traffic to and from other stations on their railway from and for Afghanistan or Iran. Regarding similar rebate on the E. I. Railway the E. I. Railway stated that the Chamber was mistaken for traffic from E. I. Railway stations to Duzdap for example would get a rebate of $\frac{1}{3}$ plus a rebate of $\frac{2}{3}$ on the N. W. Railway. As not merely the total lead but the lead over the N. W. Railway for traffic from E. I. Railway stations was much greater than the lead from Karachi, the net amounts of rebate allowed were, according to the E. I. Railway, substantially greater in the former case than on traffic from Karachi. Regarding the same question, the Jodhpur Railway stated that they were agreeable to allow a rebate

of $\frac{1}{3}$ on the freight charges on all goods traffic except coal over their railway exported to or imported from Afghanistan or Iran. The N. W. Railway in their remarks stated that the rebate of $\frac{2}{3}$ on traffic from or to Afghanistan or Iran was adopted to encourage exports from India to these countries and is given on all goods booked from all stations and that it applies also to imported goods booked from ports is merely incidental. It was therefore incorrect to say, according to the Railway, that the rebate gave greater advantage to imported goods. On the other hand, the Railway pointed out, a very large number of special rates had been given to help the Indian industries and to enable them to compete with foreign products by quoting rates on a basis appreciably lower than that applicable from the ports. The Railway gave the instances of special rates for sugar, cement, iron and steel, and glass manufactures. In several cases, they further stated, special rates were also given to manufactured goods like cigarettes, colours and dyes, stoneware and jars etc. upto Karachi.

Regarding the question of rebate of 25 per cent. on wheat carried to Karachi for export to ports west of Aden, the N. W. Railway stated that the rebate was granted with a view to facilitate the export of surplus produce in competition with wheat from other countries. The Railway further stated that it was difficult to understand how the export of surplus wheat to foreign countries could effect the Indian flour milling industry. It was extremely doubtful, according to the Railway, if the flour mills could be able to use all the wheat produced or that the country would be any more prosperous if no export of wheat took place. Further, as the rebate only applied, the Railway continued, on wheat exported to countries west of Aden to which little or no wheat flour is exported from Karachi, it did not subject the export of flour from Karachi to any disadvantage. According to the Railway, it therefore, could not be contended that the rebate had caused the loss to the Indian flour milling industry of markets like Rangoon or Colombo. The Railway further gave figures of export of wheat flour from Karachi to show that the rebate on wheat had not in any way operated against the export of flour and while there had been improvement in the export of wheat, not to any large extent, due to the rebate, during the past two years or so, there had also been an attendant increase in the export of flour from Karachi during this period. It was therefore incorrect to say, the Railway stated, that the general basis of the N. N. Railway's freight policy was detrimental to Indian industries.

The Railway Board further replied on the 2nd August, 1938, stating that the rebate on freight rates allowed by the Railways on

Iran traffic was introduced about 40 years ago in order to help the Indian traders in Meshed who were interested in getting their trade to pass over the land route through Seistan instead of being shipped from Bombay via Bunder Abhas. The Board further stated that the rebate arrangement was subsequently extended for Afghanistan traffic as it was found that traffic was moving to and from Afghanistan via Nushki. Seistan trade route. The Board added that the following railways had agreed to the grant of rebate of $\frac{1}{3}$ of the freight charges on all Afghanistan and Iran traffic to and from stations on their respective lines—B. B. C. I., G. I. P., Jodhpur, B. & N. W. (sugar traffic only) and R. & K. Railways (sugar traffic only).

Indian Railway (Amendment) Bill.—On the 9th May 1938 the Government of Bengal forwarded to the Chamber a copy of the Indian Railway (Amendment) Bill as introduced in the Central Legislative Assembly and invited the views of the Chamber on the same. The Bill proposed to insert a new section in the Indian Railways Act 1890, authorising the Federal Railway Authority to fix the maximum and minimum rates and to prescribe the conditions in which such rates would apply. The Government of India have been, however, exercising this power since the beginning of Railway operation over all railways in India. The amendment intended to give statutory recognition to this power until such time as a new Federal Railway law is passed.

The Committee replied on the 5th August, 1938 stating that they were not aware if any difficulty had been experienced by the Government during the last 48 years in the exercise of this power though it was not statutorily conferred. Moreover, the Federal Railway Authority to which this power was proposed to be given did not exist at present and till it was established and facts about its relation with the Federal Legislature known, the Committee believed it was hardly necessary to rush through such a measure proposing to empower the Authority with the right of fixing the maximum and minimum rates and fares. The Committee, therefore, were opposed to the amendment of the Indian Railways Act 1890 as proposed.

Municipal taxes for plots and buildings at the Shalimar Coal Depot — At the instance of Messrs. Anandji Haridas & Co., the Committee wrote to the B. N. Railway on the 14th May, 1938 stating that though according to the term of the agreement, the B. N. Railway were to realise from the merchants holding plots at Shalimar Coal Depot only the actual amount of tax for the plots of land and buildings paid by the railway to the Howrah Municipality on their

behalf, the B. N. Railway used to realise much more from the parties than what was actually due to the Municipality. The Committee also objected to the Bill for Rs. 102-2-0 presented by the Railway to Messrs. Anandji Haridas on the 5th June 1937 on account of the difference between the old Municipal rates and the revised municipal rates which came into operation from the 1st April 1935. The Committee inquired why the Railway did not immediately impart the information about the enhancement of the rates to the holders who were ultimately to pay the revised rates but submitted a bill for the difference after a period as long as two years. The B. N. Railway replied on the 30th May, 1938 stating that it was not correct that the railway realised from the plot holders more than the actual amount of taxes recovered from the Railway by the municipality. They explained that the sum of Rs. 36-12-0 per quarter realised from Messrs. Anandji Haridas & Co., was in respect of land occupied by them and not in respect of structures, for the firm paid only Rs. 9-3-0 and Rs. 3-9-0 per quarter as municipal taxes for structures.

Regarding the Bill for Rs. 102-2-0 the Railway explained the settlement they had now arrived at with the Port Commissioners and the Howrah Municipality and stated that the taxes in respect of the land paid during the period of 1st October, 1933 to 31st March, 1937 will be either refunded to the plot holders or adjusted towards the railway's dues from them and the plot holders would be required to pay only owners' and occupiers' share of the taxes in respect of the structures erected by them for the period. The Committee referred this reply from the Railway to Messrs. Anandji Haridas. On the 14th June, 1938 Messrs. Anandji Haridas wrote to the Chamber that the statement contained in the railway's letter that they were charging Rs. 36-12-0 per quarter in respect of the land occupied by them and Rs. 9-3-0 and Rs. 3-9-0 per quarter in respect of the structures erected by them was incorrect. Messrs. Anandji Haridas forwarded a copy of the bill received by them from the railway which showed that the railway charged them Rs. 52-9-6 as the share of the municipal tax in respect of land and Rs. 36-2 as municipal tax on account of the erection of the corrugated iron sheds on the plots. The further stated that they had not been advised by the railway about the refund mentioned in the letter from the railway. The Committee thereupon again wrote to the railway inquiring about the points raised by Messrs. Anandji Haridas in their letter.

The Bengal Nagpur Railway further wrote on the 14th November 1938, stating that a Pay Order for a sum of Rs. 1299/15/- refundable to Messrs. Anandjee Haridass & Co. had been issued by the Chief Auditor of the Railway and that the cheque for the amount will be sent to them shortly. The Committee conveyed the information to Messrs. Anandjee Haridass & Co.

Second Class Compartments on the B. & N. W. Railway.—

At the instance of Messrs. Anandram Gajadhar the committee addressed a letter on the 6th August, 1938 to the B. & N. W. Railway drawing their attention to the inconvenience caused to second class passengers travelling on the railway. The Committee pointed out that second class compartments leaked during the monsoon and the baggage of the passengers often got damaged. Moreover, the lavatories were not kept in proper order. The Committee requested the railway to replace these old coaches by new ones.

Refund of Demurrage Charges at the Chetla Siding.—

At the instance of the Marwari Rice Mills Association the Committee addressed a letter on the 26th April, 1938 to the Commissioners for the Port of Calcutta drawing their attention to the fact that the merchants who could not take delivery of goods at the Chetla Siding on the 1st April as a result of the strike observed by the carters were charged demurrage on the next day while taking delivery of their goods. The Committee inquired about the exact position in the matter. The Port Commissioners replied on the 6th May, 1938 stating that the Commissioners' Traffic Manager had already arranged as a special case to grant refund of 50 per cent. of the demurrage charges recovered at Chetla on the 1st April, 1938.

The matter is receiving the attention of the Committee.

Revision of Train Timings.—The E. I. Railway wrote to the Chamber on the 30th May, 1938 inviting suggestion in connection with the revision of train timings from 1st October, 1938. The Committee issued a circular to all members of the Chamber in the matter and addressed the railway on the 15th June, 1938 forwarding the various suggestions received from members. The alterations suggested related to departure of No. 5 Up Punjab Mail, introduction of a fast train to Delhi leaving Howrah in the morning, Express train to Benares Cantonment, convenient passenger train from Calcutta to Patna, 55 Up, and local express to Azimganj, branch lines trains from

Pathardin and Katras to Dhanbad connecting with the Down Bombay Mail, 53 Up Howrah Kiul passenger, night train for loop line Ghuskara upwards etc., etc. The Committee also emphasised the necessity of maintaining the punctuality of trains and regular delivery and distribution of mails.

Undue Delay in the Transit of Shellac Traffic.—At the instance of Messrs. Gangee Sajun & Co., the Committee addressed a letter on the 5th July 1938 to the East Indian Railway in regard to the undue delay in the conveyance of Shellac from up country stations to Howrah. The Committee pointed out that as a result of the delay Shellac got blocky during the transit and the merchants were put to loss. The Committee also stated that the matter had been brought to the notice of the Railways and the B. N. Railway were already treating this commodity as “express cargo.” The Committee regretted that the East Indian Railway had not taken any action in this matter and the consignments booked from Pukur and Kotalpukur stations which were hardly about 150 miles distance, took four to five days to reach Calcutta. The Committee therefore requested the Railway to take early steps in the matter and to treat the commodity as “express cargo.” The East Indian Railway replied on the 12th July 1938 stating that the matter was receiving their attention.

Control of Agents or General Managers over Chief Accounts Officers and their Staff.—In July the Public Accounts Committee adopted the proposal that Chief Accounts Officers and their establishments must be placed to the fullest extent practicable under the control of the Agents now known as General Managers as an experiment on two Railways. Under the present system Chief Accounts Officers were responsible to the Financial Commissioner of Railways and not to the general Manager and this led the officer, it was said, to become instead of a constructive adviser, a critic without the incentive to assist the administration to whose chief he was not responsible. The Committee thereupon resolved to address a letter to the Government of India drawing their attention to the desirability of adhering to the present practice and not to put the Chief Accounts Officers under the Control of the Agents of Railways.

17th Informal Quaterly Meeting.—The 17th Informal Quarterly Meeting between the Chambers of Commerce and the Railways at Calcutta was held on the 16th February, 1938. The Com-

mittee had forwarded the following two subjects for discussion at the meeting.

- (1) Rebate on cotton booked to stations in Bengal.
- (2) Refund of rent and removal charges for consignments not delivered at consignees' rented accommodation at Kantapuker.

Mr. D. P. Khaitan attended the meeting on behalf of the Chamber.

Regarding subject No. 1 it was agreed that Mr. Khaitan should go into the matter again with Mr. Rose of the E. I. Rly. and that further consideration of the subject be postponed to the next meeting of the Committee.

Regarding subject No. 2, the East Indian Railway stated that while the Railway could accept no liability for such charges, they were endeavouring to find ways and means of minimising as far as possible the inconvenience to consignees of rented plots.

18th Informal Quarterly Meeting.—The 18th Informal Quarterly Meeting was held on the 25th May, 1938. Mr. G. L. Mehta, Senior Vice-President of the Chamber attended the meeting on behalf of the Chamber. The following subject was forwarded for discussion at the meeting.

“Grant of concessional rates to green tea in bags equal to those applied to tea in chests.”

Since 1935 tea packed in bags is charged at a higher rate by the Railways than tea packed in chests. Green tea which is usually sent in bags also came to be charged at the higher rate. The price of green tea being low, the traffic was not able to bear the additional cost that would result if the consignments were packed in chests. The *bona fide* trade in green tea therefore suffered on account of the higher railway rates. The contention of the railway was that apart from the fact that packing in chests was desirable from the railways' view point, if the concessional rates were allowed to green tea packed in bags there was the danger of misdeclaration of consignments of tea waste as green tea and this would defeat the policy of the tea industry to restrict traffic in tea waste. As a result of the discussion it was decided that the Chamber may be advised to see if some settlement could be brought about between the Indian Tea Association and the Indian Tea Planters' Association in the matter. The Committee

consulted Mr. D. C. Ghose, at whose instance the subject was taken up, and wrote to the Indian Tea Association on the 15th August, 1938 suggesting a scheme according to which refund of the additional freight paid on green tea consigned in bags may be granted by the railway.

The Indian Tea Association replied on the 27th September 1938 stating that the question of freight rates on tea and tea waste was being examined by their Committee and they would be communicating their views about it to the Chamber in a short time.

The matter is receiving attention.

19th Information Quarterly Meeting.—The 19th Informal Quarterly Meeting between the Chambers of Commerce and the Railways at Calcutta was held on Wednesday the 24th August, 1938. Mr. G. L. Mehta, the Senior-Vice President of the Chamber attended the meeting on behalf of the Chamber. The Committee had forwarded the subject of "Opening of Azimganj Bridge over the River Bhagirathi on the E. B. Railway for sugarcane traffic" for discussion at the meeting. It was pointed out that the Azimganj Bridge on the River Bhagirathi on the E. B. Railway was at present used only for the purpose of carrying coal and ballast. The Bridge, however, was the only connecting link between the two sides of the river and the cultivators on the one side as also the Radha Krishna Sugar Mills on the other side of the river were put to a great disadvantage owing to this restriction. The cultivators could not take to cane growing as they would find it difficult to dispose of their crops—the Radha Krishna Sugar Mills, their only customer, being situated on the other side of the river and there being no other transport facilities. They had therefore to restrict their crops to Jute and mostly paddy which brought only about Rs. 8 per bigha as compared to Rs. 40 per bigha which they would obtain from cane growing. Messrs. Radha Krishna Sugar Mills on the other hand had to close their factory early in the season and also could not extend the crushing capacity of their factory as they were uncertain about getting the required cane supply. The E. B. Railway had been requested by the Radha Krishna Sugar Mills as also by the Indian Sugar Mills Association to open the bridge to cane traffic. The cultivators also had requested the Railway to that effect. The E. B. Railway however, had declined to entertain their request. At the time of the discussion, it was pointed out on behalf of the E. B. Railway that the traffic at present passing over the bridge was the maximum that could conveniently be dealt with by that route

and that it was not possible to deal with any additional public traffic on that route. Moreover, the construction of a permanent bridge would incur a very heavy expenditure and it would not be justified by any available traffic. Such a bridge would also, the Railway contended, short-circuit existing through rates between certain areas of the two railways and might involve the railways in a loss of revenue. Moreover, it would not be possible for the railways to close the bridge to other traffic or carry the traffic only during a certain period of the year. Further, it was maintained that the application of the siding principle was not possible in this case. As a result of the discussion, it was decided that an enquiry should be made with the Government of Bengal about the progress of a scheme for the construction of a bridge on the river at some point between Azimganj and Puradah, said to be under the consideration of the Government of Bengal for some time past. A suggestion was also made about the construction of a temporary ropeway between Chowrigacha and Beldanga across the river. It seemed as though the railways might be induced to set up such a ropeway during the busy season.

The proposals were conveyed to Shri Radha Krishna Sugar Mills at whose instance the matter was taken up. On receipt of their views a letter was addressed to the E. B. Railway on the 20th September, 1938 pointing out that the argument about short-circuiting of existing through rates between certain areas on the two railways causing a loss of revenue to the railways, was a very general one and might be applied almost in every case of the opening of a new line. The Committee further stated that Messrs. Radha Krishna Sugar Mills had assured that it was not their intention to carry bags of sugar manufactured by the factory over the bridge but only to bring sugarcane from the other side of the factory. The Committee also suggested that sugarcane wagons may be attached to ballast trains and that the possibility of improving the pile structure to make it suitable for the additional traffic should not be overlooked. The Committee believed that the Railway would be adequately compensated for any additional expenditure or even for their annual expenditure in constructing and dismantling the pile bridge by their increased earnings on account of cane traffic. The E. B. Railway replied on the 5th October, 1938 stating that they regretted they were unable to alter their previous decision in the matter which, they said, was reached after careful consideration of all relevant factors.

The Committee also addressed a letter to the Government of Bengal on the 13th September, 1938 inquiring about the progress of

the proposed scheme for the construction of a bridge on the River Bhagirathi at some point between Azimganj and Puradah.

References from the Indian Railway Conference Association regarding Railway classification of various articles.—

The Indian Railway Conference Association referred the following matters to the Chamber for views.

- (1) Classification of Bones.
- (2) „ „ Toy Mirrors.
- (3) „ „ Magnesite cupels.
- (4) „ „ Wooden drawing boards.
- (5) „ „ Flexible iron hose pipes.
- (6) „ „ Sugar Candy, Sugar Cubes and Amorphous sugar.
- (7) Packing conditions for locks and scissors.
- (8) Rate for rubber mixture.
- (9) Classification of iron buckles.
- (10) Rate for glassware.
- (11) Inclusion of certain articles into the list of synonyms.
- (12) Classification of Spices.

The Committee circulated the matter to various interested members and wrote to the Indian Railway Conference Association accordingly.

On the 21st September, 1938 at the instance of Messrs. Alembic Chemical Works the Committee addressed a letter to the Railway Board urging them to reconsider the classification of drugs, crude or raw, imported or country, made by the Indian Railway Conference Association and charge these articles at 2 R. R. The Committee also requested the Board to alter the existing classification of medicines and proposed a separate class at 2 R. R. for indigenous medicines.

The Railway Board replied on the 5th October, 1938 stating that they agreed with the views of the Indian Railway Conference Association that drugs, crude or raw should be classified at 4 R. R. Regarding medicines the Board stated that they were satisfied that there was no justification either for an alteration in the existing

classification of medicines or for a separate lower classification for indigenous drugs.

The following reference were also received from the Indian Railway Conference Association:—Classification of distilled water with acid; Battery charging solution; Rates for blossom wheat; Classification of cupro-nickel bullet scraps and cuttings; Classification of fire places, manufactured; Classification of Vulkan fibre; Classification of coiled iron wire door mats; Classification of Mesonite Presd-wood; Classification of Sisal Rope; Carbo Lastic; Classification of Khas & Motia waters; Classification of cotton and jute canvas; Classification of Paint-mura-di-solve; Classification of Marble, ballast or chips.

Rate for glassware; rate for arishtas; Aluminium powder; rate for carbonate of strontia; classification of glass slides; rate for piecegoods; classification of phenylena-diammipara crystals; classification of carthamine; classification of lambskins; classification of desiccated coccanuts.

The Committee consulted various, interested members and replied to the Indian Railway Conference Association according to the views received.

Regarding; Aluminium powder the Committee suggested its classification at 2 A R R or 2 O R.. As regards; glass slides the Committee were in favour of their being classified at 4 R R. With regard to rate for piecegoods, the Committee were in favour of revising the entry but they objected to the classification being increased from 4 R R and 4 A O R to 4 A R R and 4 B O R.

The Indian Railway Conference Association also invited the views of the Chamber on the following subjects:—

- (1) Classification of Steel Pilings,
- (2) Rate for bituminous solution,
- (3) Classification of Damasa,
- (4) Classification of perchloride of mercury,
- (5) Classification of manures,
- (6) Charging of marble powder,
- (7) Rate for Shaving brush.

The Committee consulted various members of the Chamber and replied to the Railway Conference Association according to the views received.

Transport of Fodder to Famine Stricken areas.— On the 19th December 1938, the Committee addressed a letter at the instance of the Marwarī Rice Mill Association to the East Indian Railway emphasizing the necessity of giving special concessional rates to fodder transported to the famine stricken areas near Delhi. The East Indian Railway replied on the 7th January 1939 stating that certain concessions in rates subject to the specified rules for the carriage of fodder and forage have already been allowed by the Railway Administration on receipt of advice from the Provincial Governments. They enclosed a complete list of centres between which concessional rates were in operation and stated that if any extension of these concessions was desired a representation might be made to the local Government for the same.

Alterations to train timings from 1st April 1939.— On the 9th December 1938, the East Indian Railway wrote to the Chamber that the general revision of the train service for the April 1939 issue of their Time Table would be taken in hand shortly and the Chamber should therefore, forward suggestions in this connection. The Committee circulated the matter to various members of the Chamber and replied to the Railway on the 9th January 1939 forwarding a number of suggestions received from members.

Statistics of arrival of produce and minerals in Calcutta.—The Bengal Nagpur Railway wrote to the Chamber stating that the Weekly Statistics of arrivals of produce and minerals in Calcutta which were being published by them involved a great deal of labour in their office and they therefore enquired if the same were found useful to the members of the Chamber and be continued. The Committee replied stating that these statistics were useful to the produce merchants of the city. The Committee also stated that the figures published by the Director General of Commercial Intelligence and Statistics dealt with the arrival of produce in Calcutta by rail, road, or by sea and produce merchants who wanted to have separate figures of arrivals only by rail found the statistics published by the Railway very useful. The Committee therefore were of the opinion that the statistics should be continued to be published by the Railway.

Publicity Contract given by the Railway Board.—

Having come to know that the Railway Board had initiated a Publicity and Advertisement Campaign in newspapers through a non-Indian Firm of Publicity Agents, the Committee addressed a letter to the Railway Board on the 7th December 1938, enquiring if the Railway Board had invited tenders before placing the contract and if so what were the terms thereof. The Railway Board replied on the 4th February 1939, stating that they had decided to try an experiment for one year of intensive advertisement through "the well-known Firm of Messrs. D. J. Keymer & Co. Ltd." and the object was to promote Intermediate and Third-class travel. They further added that the experiment was confined to the E. B. and the E. I. Railways and no tenders or offers were invited for this experiment.

Luggage allowances on Railways.—The Buyers and Shippers Chamber, Karachi, wrote to the Chamber on the 2nd November 1938 forwarding copies of their correspondence with the Railway Board in which they had requested the Board to enhance the third-class free luggage allowance from 25 to 30 seers. The Buyers and Shippers Chamber had also stated that the difference between Inter and Third-class free luggage allowance limits should be in proportion to the difference of Inter and Third-class fares charged on the Railways. The Railway Board had replied to them regretting that they could not find any justification for further enhancement in the existing scale of free allowances for Inter and Third-class passengers.

As the Chamber was requested to take up the matter with the Railways at Calcutta as also with the Railway Board, the Committee referred the matter to Mr. M. L. Shah, the Representative of the Chamber on the E. I. Railway Local Advisory Committee for taking up the same in the Advisory Committee.

Procedure of Supplying Wagons.—At the instance of the Karachi Indian Merchants' Association, the Committee addressed a letter to the Railway Board on the 11th November 1938, pointing out that applications for the supply of wagons were entertained only when the load was brought on the platform and the Station Master then arranged for the supply of requisite number of wagons. However, till the wagons were available, it was pointed out the goods lay on the platform at the risk of the consignor as to pilferage or damage by rain or otherwise. The Committee had suggested that the Station Master should when requested by a consignor, proceed

to arrange for the supply of necessary wagons without insisting on the goods being first brought on the platform and inform the consignor of the date when the goods may be booked so that the consignor may bring his goods in time without incurring the risk of keeping the goods on the platform for an indefinite period. If such a system was, however, not practicable, the Committee suggested that Railway Receipts should be issued to the public immediately when goods were presented for booking so that the goods might not lie on the platform at the risk of the consignor. The Railway Board replied on the 16th November 1938 stating that the matter was receiving their attention.

ORGANISATION

Election of one representative of the Federation to the Imperial Council of Agreecultural Research.—On the 11th March, 1938, the Federation of Indian Chambers of Commerce and Industry wrote to the Chamber that the Membership of Mr. Chunilal B. Mehta on the Imperial Council of Agricultural Research and of its Governing Body was due to expire on the 23rd May, 1938 and invited the Chamber to nominate a representative in his place. The Committee informed the Federation on the 19th March, 1938 nominating Mr. Devi Prasad Khaitan in this connection. On further reference from the Federation under the double procedure of election the Committee recorded their vote in favour of Mr. D. P. Khaitan. Mr. Khaitan was duly elected as the representative of the Federation on the Imperial Council of Agricultural Research.

Election of a representative of the Federation on the Standing Wheat Committee.—On a reference from the Federation of Indian Chambers of Commerce and Industry re: election of a representative on the Standing Wheat Committee of the Imperial Council of Agricultural Research, the Committee recorded their vote in favour of Mr. Ratilal M. Gandhi. Mr. Ratilal M. Gandhi was duly elected to the Wheat Committee.

Election of a representative of the Federation on the Standing Rice Committee.—On a reference from the Federation re: the election of a representative on the Standing Rice Committee of the Imperial Council of Agricultural Research, the Committee recorded their vote in favour of Mr. Ashutosh Bhattacharya. Mr. Ashutosh Bhattacharya was duly elected to the Rice Committee.

The Eleventh Annual Session of the Federation—On the 19th February, 1938, the Federation wrote to the Chamber stating that the 11th Annual Session of the Federation would be held at Delhi in April and requesting the Chamber to nominate 4 delegates to the session and also candidates for election to the Committee of the Federation for the year 1938-39. The Committee replied on the 8th March, 1938, nominating Messrs. G. D. Birla, G. L. Mehta K. J. Purohit and N. L. Puri, as delegates and Messrs. Birla, Mehta, and Puri, for election to the Committee of the Federation. Subsequently as Mr. G. L. Mehta expressed his inability to stand for election, the Committee withdrew the nomination of Mr. G. L. Mehta and informed the Federation accordingly.

Draft Resolutions for the 11th Annual Session of the Federation—On the 22nd January, 1938, the Federation wrote to the Chamber requesting for draft resolutions for the 11th Annual Session. The Committee submitted resolutions on 21st February, 1938, on the following subjects:—

(1) Indo-Burma Postal and Telegraphic Rates, (2) Increasing Imports of artificial silk yarn into India, (3) Industrial Research, (4) Report of the Coal Mining Committee, (5) Adequate share of Indian shipping (6) Necessity of Terminating Ottawa Preferences.

Subsequently the Committee sent two more resolutions in connection with (1) the existing agreement in regard to Trans-Continental Airways and (2) Indo Afghan Trade Relations.

Amendments suggested by the Indian Merchants' Chamber Bombay in the Constitution of the Federation.—The Committee received a circular letter dated the 25th April, 1938 from the Federation of Indian Chambers of Commerce and Industry forwarding a copy of the amendments suggested by the Indian Merchants Chamber to clauses 7, 8 and 9 of the Constitution of the Federation, whereby each of the four delegates representing a member body would have equal right of voting in respect of the election of the office-bearer and the Committee of the Federation. The Federation stated that under the present constitution only one delegate out of four was entitled to exercise this right of voting and that when this proposal for amendment came up for discussion before the Last Annual Session of the Federation it was agreed to refer the matter to the Committee of the Federation for consideration and report. The views of the

Chamber having been invited on the proposal, the Committee replied on the 16th May, 1938 stating that they had considered the matter again but they held the same views as before that each member body should have only one vote for each seat to be filled in the Committee of Federation. The Committee pointed that the system of giving one vote to each delegate was unfair in practice and operated in a manner prejudicial to those member bodies who could not send all the four delegates to the annual session. The Committee, therefore, felt that there was no necessity of departing from the fundamental principle of equality of rights to member bodies in the Federation, which the present system accorded. The Committee further pointed out that delegates at the annual session assembled mainly to take part in the deliberation of the Federation and to contend that the delegates attended the annual session to exercise their right of voting for election of office bearers and the Committee of the Federation was to ignore the deliberative function of the Annual Session. The Committee were also not prepared to believe the misgivings entertained by some of the Member-bodies that the number of delegates attending the Annual Session would be reduced if the right to vote was not extended to all the delegates. The Committee, therefore, were of the opinion that there was no necessity to modify the provisions of the existing constitution as suggested, because the same was likely to violate the fundamental principle of equality of rights of each member body in the Federation.

Inclusion of representatives of Affiliated Bodies on Chambers Standing Sub Committees.—The Committee decided at their 34th Meeting that representatives of Affiliated Bodies should also be included in the Standing Sub Committees constituted by the Chamber. It was decided that a special resolution amending the articles of Associations of the Chamber in this connection be moved at the next Annual General Meeting of the Chamber.

Amendment of Rule 19 of the Tribunal of Arbitration of the Chamber.—The Committee decided at their 35th Committee Meeting that Rule 19 of the Rules of Tribunal of Arbitration of the Chamber be amended to the effect that 90 days should be allowed to a Court of Arbitrators to make their award instead of 30 days as at present. It was also decided that a resolution in this connection be moved at the Annual General Meeting of the Chamber confirming this amendment.

Indian Chemical Manufacturers' Association.—The Indian Chemical Manufacturers' Association representing the Chemical and

Pharmaceutical Industry in the country was formed in July, 1938. The Association wrote to the Chamber on the 19th July, 1938 expressing its desire to be affiliated to the Chamber. The Committee resolved to affiliate the Association to the Chamber as desired.

10th Biennial Congress of the International Chamber of Commerce—The Indian National Committee of the International Chamber of Commerce, wrote to the Chamber on the 29th August, 1938, stating that the 10th Biennial Congress of the International Chamber of Commerce will be held at Copenhagen from 26th June, to 1st July, 1939. The National Committee enclosed a copy of the draft programme of the Congress and invited observations and comments of the Chamber on the same. The matter is receiving the attention of the Committee.

Pooling of activities of the member-bodies of the Federation of Indian Chambers of Commerce.—The Federation of Indian Chambers of Commerce and Industry wrote to the Chamber on the 13th July, 1938, stating that at present a number of provincial Governments were contemplating new Legislative measures which would have far reaching effects on the trade and industry of the country. According to the Federation the Chambers of Commerce Commercial Associations should try to pool their experience, knowledge and information with regard to the outstanding questions. The Federation undertook to act as a clearing house of all information relating to such questions for the benefit of all member-bodies. According to the Federation, if the member-bodies agreed to co-operate for the successful working of the scheme, a great deal of wastage of time, energy and funds of a number of member-bodies would be saved as the results of investigations by one member-body will be made available through the office of the Federation to all the other member-bodies in the country. The Federation had invited the co-operation of the Chamber in making the Federation office more useful and of greater service to Trade and Commerce throughout the country so that with a net work of Chambers and Commercial associations all over the country, knowledge and information may be pooled and disseminated.

The Committee replied on the 13th October, 1938, stating that they appreciated that member-bodies should try to pool their experience, knowledge and opinion with regard to the outstanding questions facing the industrial and commercial life of the country. The Committee suggested that the Federation should request each member-body to forward a copy of the proceedings of their meetings and copies of

all important representations to the Federation. The Federation will, in that case, the Committee pointed out, be in constant touch with the working of all member-bodies and would be able to help them in their deliberations on important subjects, so as to effect a co-ordination of the activities of various member-bodies. The Committee also suggested that the Federation's office may arrange to keep copies of all Provincial Gazettes and collect such information as may be of interest to member-bodies, with regard to any legislation introduced in or passed by the various provincial legislatures affecting trade and industry. A monthly circular to member-bodies describing such legislations or notifications issued by the provincial governments regarding trade and industry would prove extremely useful to the member-bodies as under the Government of India Act, 1935, the Committee pointed out, the range of subjects on which provinces can legislate has been considerably widened and legislative measures in one province may be of interest to the commercial community in other provinces.

MISCELLANEOUS

Grain and Oil-seeds Standards Conference in Delhi.—

On 11th March, 1938 the Committee received a letter from Mr. A. M. Livingstone, the Agricultural Marketing Adviser to the Government of India, stating that the question of adopting standard contract forms for wheat, linseed and groundnuts were fully discussed at the previous conferences held in this connection and a considerable degree of agreement had been reached in the cases of wheat and linseed. The Agricultural Marketing Adviser further stated that it was proposed to hold another Informal Grain and Oil-seeds Conference on the 4th April, 1938 at Delhi, in order to arrive at a final decision regarding these two commodities as also for groundnuts. As the Chamber was requested to send a representative to the Conference, the Committee nominated Mr. M. G. Bhagat and informed the Marketing Adviser accordingly.

Proposed Establishment of a Federation of Indian Grain and Oil-seeds Association— The Committee received a letter dated 12th February, 1938 from the Joint Conveners of the Provisional Committee of the above Federation, which was appointed at the Conference held in Bombay in 1937 for evolving a standard groundnut

contract at the suggestion of Mr. A. M. Livingstone, stating that they desired to obtain the views of the wider circle of Trade Associations and interests for securing the largest possible measure of goodwill and support before addressing to the task of drafting the constitution of the proposed Federation. The Chamber was requested for its views on the proposal as also whether the Chamber would be willing to join the proposed Federation as one of the members.

After consulting the members interested, the Committee replied on the 17th March, 1938 stating that a Federation on the lines of similar bodies functioning in other countries was desirable in order to take concerted action for safeguarding the interests of the Grain and Oil-seeds Trade of the country and to tackle the many varied and important problems that arose in the course of the trade from time to time. The Committee, while therefore welcoming the move suggested that the constitution of the Federation should be such as would ensure adequate representation of all sections of the Trade in grains and oil-seeds in the country. The Committee further suggested that the drafting of the constitution of the proposed Federation should be entrusted to a Committee fully representative of the grain and oil-seeds trade of the country.

Filtration Test for Kiri.— On the 28th January, 1938, the Director of the Indian Lac Research Institute, wrote to the Chamber forwarding a copy of the Report of the German Filtration Test for Kiri which was based on the Laboratory trials carried out on a few commercial samples of Kiri. This report, it was stated, was placed before the Advisory Board and the Governing Body of the Lac Cess Committee for consideration which resolved that the test could be accepted by the Committee after consulting the opinion of the Lac trade. The Chamber was requested for views. The Committee replied on 28th March, 1938 stating that the prices for Kiri were so low that they did not consider it advisable that Kiri should be sold on the basis of the filtration test. In case the stuff offered did not stand up to the required test, some allowance would have to be made and the prices left no margin for the same. The Committee further stated that the shippers would find it very difficult to sell on such test guarantees to buyers abroad when they could not get the article locally on the same terms and that Indian manufacturers would hardly sell Kiri on such scientific test. The Committee therefore suggested that the present system of selling Kiri with a guarantee of 3 per cent. rosin or as pure, might be continued.

Ninth Annual Meeting of the Indian National Committee of the International Chamber of Commerce.—The Ninth Annual Session of the National Committee was held on the 1st April, 1938, at New Delhi. The Committee nominated Mr. D. P. Khaitan to represent this Chamber at the Session.

Marketing Survey of Cotton in India.—On 22nd March 1938 the Committee received a letter from the Indian Central Cotton Committee forwarding a copy of the proposed scheme for marketing survey of Cotton in India prepared by Mr. A. M. Livingstone, the Agricultural Marketing Adviser to the Government of India. The scheme detailed the various points to be investigated and reported on and according to it, the survey would cover the production and marketing of cotton from the field to the mill or to a foreign market in the case of export, and would also include a study of the production and distribution of yarn so far as they had a bearing on the marketing of raw-cotton. The Indian Central Cotton Committee requested for the views of the Chamber on the scheme. The Committee replied on 24th May, 1938 stating that they were given to understand that it was decided first to undertake a marketing survey in the Punjab and to watch the results before embarking on the rather costly scheme submitted by Mr. Livingstone. The Committee were, therefore, of the opinion that the present scheme might be examined after the results of the survey in the Punjab were available.

Holidays under the Negotiable Instruments Act on the occasion of Durga Puja Festival.—The Committee received a letter dated 7th April 1938 from the Government of Bengal inviting their opinion on a proposal before the Government for granting an extra holiday on the 30th September, 1938 in connection with the Durga Puja Festival as there were some peculiarities in the phases of the moon and consequently the Durga Puja Festival was likely to occupy five days. The Committee replied on 26th April 1938 agreeing to the proposal.

Empire Exhibition at Glasgow.—On the 18th May 1938 the Committee addressed a letter to the Government of India enquiring as to the reason why India was not represented at the Empire Exhibition which was recently opened by His Majesty the King at Glasgow, although every part of the Empire was represented. The Committee felt that if the Indian products were properly advertised, foreign markets for the products of the Country would be enlarged. The Government of India replied on 2nd June 1938 stating that on

financial and other grounds they decided not to participate officially in the Exhibition.

The Committee again addressed a letter on the 18th June 1938 stating that the Government of India participated in the Fair recently held at Budapest and that arrangements were also being made for an Indian Pavilion at the World fair to be held at New York next year. The Committee, therefore, expressed surprise that financial considerations prevented the Government of India from participating in the Empire Exhibition at Glasgow and they felt that the question should have been reconsidered from the broad point of view of development of India's foreign trade. The Committee also enquired about other reasons for which the Government of India did not participate in the Exhibition. The Government of India replied on 27th June 1938 stating that such other circumstances as the long duration of the Empire Exhibition were taken into consideration in deciding against participation in the same. As regards Budapest fair the Government of India pointed out that it lasted only for about a fortnight while as regards the New York's World fair, they, had decided not to participate officially in it.

Stocks of Sugar at Principal Ports.—The Committee received a letter dated the 31st May, 1938 from the Federation of Indian Chambers of Commerce and Industry forwarding a copy of a letter received by the Federation from the Director General of Commercial Intelligence and Statistics regarding figures of Stock of Sugar at principal ports published in the Indian Trade Journal each week. The Director General stated that his Department received figures from the Imperial Institute of Sugar Technology, and that the figures of stock relating to the Ports of Calcutta, Bombay and Karachi included dealers' stock as well as stocks in the Customs godowns, while those relating to Madras Port showed dealers' stock only and consequently the figures were insufficient. The Director General enquired as to whether these figures were considered by the trade sufficiently useful to justify their retention in the Trade Journal. The views of the Chamber were invited by the Federation on this proposal. The Committee replied on 15th June 1938 supporting the views expressed by the India Sugar Mills Association in this connection. The India Sugar Mills Association had suggested that instead of eliminating the publication of stock figures from the Indian Trade Journal it would be advisable to remove the defects and that stocks of sugar at the five different ports should show the dealers' stocks, in the customs godowns

and the stocks of foreign sugar etc. The Committee learnt subsequently that the Federation replied accordingly to the Director General.

Representation of Indian Growers on the International Tea Committee—On the 31st May 1938 the Committee addressed a letter to the Government of India in regard to the necessity of representation of Indian tea interests on the International Tea Committee constituted under the International Tea Agreement. The Committee pointed out that last year the India tea interests were given right of nominating one representative on the Tea Committee and that Mr. L. T. Charmicael represented the same, but when the International Tea Committee was formed under the New Agreement this year, Indian Tea Growers were not consulted. The Committee failed to understand why the Indian Tea Growers were not consulted on such an important matter and they requested the Government to invite the Indian tea growing interests to nominate their representative on the said Committee.

The Government of India replied on the 8th July 1938 forwarding acopy of their letter to the Indian Tea Planters Association in which they pointed out that when the members of the International Tea Committee were first appointed in 1933 the Indian Tea Planters Association and Terai Indian Tea Planters Association requested for representation of Indian owned interests in Northern India and when this claim was conceded to Mr. L. T. Charmicael represented the Indian rupee interests. The Government of India also stated that when the International Tea Committee was constituted, they asked the Indian Tea Association to recommend the names of four members; who were to be appointed after consultation with the Tea Industry in India. The Government of India were informed by the Indian Tea Association that before submitting the recommendation they consulted Associations of Indian Tea Planters in India including the Indian Tea Planters Association, Jalpaiguri which definitely agreed to the continued appointment of Mr. Charmicael on the International Tea Committee as a representative of the Indian rupee interests. The Government of India therefore stated that the Indian Tea Planters Association was not justified in raising this point. As regards the suggestions concerning the appointment of a member resident in India, the Government observed that as the meetings of the International Tea Committee were held in London frequently, adequate participation of a member resident in India would necessitate frequent visits to England at a

heavy cost which would not be justified if it were to be charged on the funds of the Indian Tea Licensing Committee.

The matter is receiving attention.

Regulations applicable to Commercial Travellers.—The Government of Bengal wrote to the Chamber on the 3rd June 1938 stating that the question of issuing a revised memorandum regarding Regulations applicable to Commercial Travellers in India was being considered by the Government of India. The Chamber was requested to scrutinise the information contained in the memorandum with special reference to Paragraphs 3, 4 & 6 and to forward suggestions about additions or alterations to the same.

Copies of the memorandum however being not available either with the Government of India or the Government of Bengal, the Committee replied on the 18th July 1938 regretting that they were unable to offer their comments on the same.

Panel of arbitrators for the Indian Sugar Syndicate Ltd.—The Indian Sugar Syndicate Ltd., wrote to the Chamber on 14th April 1938 stating that under Articles 13 and 106 of Articles of Association of the Syndicate, they required a panel of arbitrators for settlement of disputes as between the Syndicate and its members. The Syndicate therefore requested the Committee to form a panel for the purpose. The Committee replied on 2nd May 1938 informing the Syndicate that they had nominated Messrs. A. R. Dalal, G. L. Mehta, Faizulla Gangjie, M. L. Shah, K. L. Jatia and B. D. Bhattar to form the panel of arbitrators. The Committee after sometime also suggested further names for the panel.

Bengal Jute Ordinance.—On the 29th September, 1938, an emergent meeting of the Committee was held to consider the situation arising out of the promulgation of the Jute Ordinance by the Government of Bengal. Representatives of members interested in Jute as also of the East India Jute Association, Gunny Trades Association and Jute Balers' Association were invited at the meeting. There was a long discussion on this subject. The consensus of opinion after the discussion was that members of the Chamber should make whatever efforts they could to bring about mutual settlement among the various sections of the Jute Industry in order to obviate the necessity of intervention by the Government.

Bengal Jute Enquiry Committee.—The Government of Bengal appointed in July 1938, a Committee to inquire into the problem of jute as affecting the province of Bengal, with particular reference to (1) Regulation of the production of Jute (2) Marketing of Jute (3) Improvement of the price of Jute (4) Fixation of the price of Jute and (5) compilation of the Jute Forecast and the collection of information regarding stock in hand. The Secretary of the Committee forwarded to the Chamber on the 21st September, 1938, a copy of the Questionnaire issued by the Committee and invited replies thereto. He also stated that apart from the replies to the questionnaire, the Enquiry Committee would also like to receive useful notes and memoranda from individuals and Associations on different aspects of the problem of which they might possess special knowledge in which they had a special interest. The Committee submitted a detailed reply statement on the 7th December 1938.

Proposed alteration of the dates of Publication of the Final Jute Forecasts.—On the 16th September, 1938, the Director of Agriculture, Bengal, invited the views of the Chamber on the proposal to alter the dates of publication of the final jute forecasts. He pointed out that the Government had ordered the forecast to be published on the first Tuesday of September instead of the third Tuesday in order to stop the considerable gambling that was taking place in connection with the figures of the forecast. Since then the method of publication had been further changed by dividing up the figures into groups one published on each of five consecutive days. The Director of Agriculture was of the opinion that gambling had almost ceased now due to the inaccuracy of the forecast and the fact that the publication had been spread over five days. He further stated that the publishing of the final forecast on the 2nd September gave him no chance of making any reasonable estimate of the olitorius crop in the province and as it had now spread to the white districts very considerably, it was not possible to give a reliable figure for outturns. In order, therefore, to give the districts some chance of getting a reasonable crop cutting test done on olitorius, it was proposed that the final Jute forecast should be changed back to the 3rd Tuesday in September and 4 consecutive days. The Committee replied on the 24th October, 1938 stating that they were agreeable to altering the dates of the final jute forecasts as proposed.

Proposed inclusion of cotton in the Schedule under the Agricultural Produce (Grading and Marking Act, 1937—The Secretary, Indian Central Cotton Committee wrote to the Chamber

on the 30th July, 1938 stating that the question of adopting a definite cotton policy which would enable 1027 A. L. F. a superior cotton grown in Gujarat to obtain an adequate premium for the superior quality of its lint had been engaging the attention of the Cotton Committee for a number of years. For the purpose of better marketing of this quality of cotton it was suggested that the Agricultural Produce (Grading and Marking) Act, 1937, should be utilised in order that this cotton might be marketed as a special grade of Surat Cotton. The intention was that once cotton was included in the schedule, specified varieties of cotton produced in specific areas should be marked with a special mark and its unauthorised use would be illegal under the Act. The Committee replied on the 29th August, 1938, stating that they were agreeable to the inclusion of cotton in the Schedule under the Agricultural Produce (Grading and Marking) Act of 1937 in order to enable specified varieties of cotton to be protected under the said Act.

Proposed addition of certain articles to the Schedule to the Agricultural Produce (Grading and Marking) Act 1937.—

The Senior Marketing Officer, Bengal, wrote to the Chamber on the 29th August, 1938, stating that Section 3 of the Agricultural Produce (Grading & Marking) Act, 1937 which provides for the Grading and Marking of agricultural produce empowers the Central Government to make rules in respect of any scheduled article fixing grade designation to indicate the quality, defining the quality indicated by each grade and specifying grade designation marks. Under the schedule to the Act it is permissible at present to prescribe definition of quality and grade, designation marks etc. in respect of certain articles like fruit, vegetables, coffee, eggs, dairy produce, hides and skins and tobacco and the Central Government have already framed rules for grapes, oranges, tobacco, eggs and hides and skins in this connection. The Senior Marketing Officer further stated that grading was profitable and becoming more and more popular. He further stated that the Imperial Council of Agricultural Research had now received suggestions that the grading and Marking Act may be applied to a few more articles which were at present not included in the schedule. The Government of India, therefore, proposed to add to the schedule the following articles.

- (1) Fruit products such as juices, marmalades and sharbats.
- (2) Cotton of specified varieties, (3) Ata and (4) Rice of specified varieties.

The Committee replied on the 29th September, 1938, stating that they were agreeable to the proposal put forth by the Government of India.

The sad demise of Mr. K. J. Purohit, Vice-President of the Indian Chamber of Commerce.—Mr. K. J. Purohit, Vice-President of the Chamber, suddenly expired on the 27th April, 1938. The office of the Chamber remained closed on the 28th April, as a mark of respect to the memory of Mr. Purohit. The Committee also passed the following resolution expressing their deep regret at Mr. Purohit's death:—

“The Committee of the Indian Chamber of Commerce have learnt with sincere regret of the sad and sudden death of their Vice-President and colleague, Mr. K. J. Purohit, who expired on the evening of the 27th April, 1938. The Committee have to place on record their sense of appreciation of the work and services of Mr. Purohit who was one of the founder members of the Indian Chamber of Commerce, Calcutta, and was actively associated with it as a member of the Committee of the Chamber ever since its establishment. Mr. Purohit represented the Chamber on various bodies including the Commissioners for the Port of Calcutta, the Government Commercial Institute and the Bengal Nagpur Railway Advisory Committee and also appeared on behalf of the Chamber before several committees of enquiry. In him the Committee have lost a valuable member who was also very popular in the commercial and social circles of Calcutta. They beg to offer their heartfelt condolences to Mrs. Purohit and the members of his bereaved family on their sad and irreparable loss and assure them that they share their immense grief on this unhappy occasion.”

“The Committee further resolved that a copy of this resolution be forwarded to Mrs. Purohit.”

Message of Condolence.—On the 27th June, 1938, the President of the Federation of Indian Chambers of Commerce and Industry, wrote to the President of the Chamber expressing his personal condolences at the death of Mr. K. J. Purohit, the Vice-President of the Chamber. He also forwarded a copy of the Resolution passed by the Committee of the Federation expressing their sorrow at the death of Mr. Purohit. The Committee expressed their thankfulness to the President of the Federation for the kind sympathy and conveyed the condolences to Mrs. K. J. Purohit.

Sir Onkarmull Jatia.—Learning about the sad demise of Sir Onkarmull Jatia, the Committee passed the following resolution at the meeting on the 12th August, 1938.

“The Committee learnt with regret about the sad demise of Sir Onkarmull Jatia, one of the leading businessmen of Calcutta and convey their heartfelt condolences to Mr. K. L. Jatia and family in their sad bereavement.”

A copy of the Resolution was forwarded to Mr. K. L. Jatia.

Seth Pransukhlal.—The Committee addressed a letter to Seth Mafatlal Gagalbhai expressing their condolences at the sad demise of his son Mr. Pransukhlal.

Sir Naoroji Saklatwala.—The Committee addressed a letter to Messrs. Tata Sons Ltd., expressing their deep sense of sorrow at the death of Sir Naoroji Saklatwala, their Chairman.

The Hon'ble Sir Phiroze Sethna.—The Committee addressed letters to Lady Sethna and the Agent, Central Bank of India Ltd., Calcutta, expressing their sympathy at the death of the Hon'ble Sir Phiroze Sethna, Managing Director and Chairman of the Central Bank.

Condolence on the death of Mrs. Motilal Nehru.—On learning of the sad death of Mrs. Motilal Nehru, the Committee sent a telegram on the 12th January, 1938 to Pandit Jawaharlal Nehru expressing regret at the sad demise of his beloved mother and offering him heartfelt condolence in his bereavement.

Condolence on the death of Dr. Sarat Chandra Chatterjee.—On learning of the death of Dr. Sarat Ch. Chatterjee, the Committee sent a message of condolence to his brother in his bereavement on account of the death of Dr. Sarat Ch. Chatterjee, a great literary man.

Tribunal of Arbitration.—Since its appointment in 1927 the Tribunal of Arbitration have disposed of a large number of cases. The Tribunal was appointed by the Chamber for the determination, settlement and adjustment of disputes and differences between parties who refer to it matters in dispute for arbitration. With a view to cover the varying nature of

disputes arising in different trades and in order that the work may be placed in the hands of gentlemen selected for their expert knowledge of the branch of trade and industry with which the dispute is concerned, separate panels have been appointed for each of the following trades on the Tribunal of Arbitration viz., (1) Jute (2) Gunny, (3) Piecegoods and yarn (4) Iron and Steel (5) Coal and Minerals and (6) General. The Secretary of the Chamber acts as the Registrar of the Tribunal of Arbitration. The arbitrations are conducted at a small charge for the facility of the commercial community, no distinction being made in the charges in respect of arbitrations between the Chamber members, or a member and non-member. It is gratifying to note that an increasing number of members and non-members are taking advantage of the Chamber's Tribunal of Arbitration.

Survey Certificates.—The Chamber also undertakes the survey of merchandise, and issues certificates of analysis of the same, for facility of merchants. A number of members of the Chamber are regularly taking advantage of this facility.

Certificates of Origin.—The Chamber also issues Certificates of Origin in regard to all commodities produced in British India and which are being exported to foreign countries. Several merchants and firms are regularly taking advantage of this facility. The Certificates of Origin issued by the Chamber are accepted by practically all the Countries of the World. The charge for a certificate of Origin for a member is Rs. 2 while that for non-members is Rs. 4.

Collaboration of other bodies with this Chamber.—The Chamber continued to receive a great deal of assistance from the following Associations which are either affiliated to it or are its members:—

1. Indian Sugar Mills Association.
2. Indian Chemical Manufacturers Association.
3. Indian Paper Mills Association.
4. Jute Balers' Association.
5. Indian Produce Association.
6. East Indian Jute Association.
7. Calcutta Rice Merchants' Association.
8. Calcutta Kirana Association.
9. Gunny Trades Association.
10. Indian Tea Merchants' Association.

11. Marwari Rice Mills Association.
12. Indian Colliery Owners Association.
13. Sindhi Merchants' Association.
14. Indian Insurance Companies Association.
15. Shareholders' Association.
16. Indian Coal Merchants Association.

Other Commercial Associations of Calcutta, e.g., Bengal National Chamber of Commerce, Marwari Association, Muslim Chamber of Commerce, etc., have also assisted the Chamber in several ways in its deliberations on matters of interest to the commercial community and the thanks of the Committee are due to them.

Supply of Complimentary Literature.—The Committee have pleasure in acknowledging with thanks the various publications and statistical reports supplied to them by the various Departments of the Government of India, the Government of Bengal, including the Publicity Officer, H. M.'s Trade Commissioner and the Director General of Commercial Intelligence and Statistics. The Committee are also under a similar obligation for courtesy extended to the Chamber by the Consuls of America, France, Germany, Denmark, Belgium, China, Japan, Italy, Sweden, Turkey and Czechoslovakia, who forwarded to the Chamber interesting literature bearing on the commercial, economic and industrial problems of their respective countries.

Membership —The membership of the Chamber stood on the 31st December 1938 at 191. The members elected during the current year help to augment the representative character of the Chamber representing as they do, diverse interests of trade and industry like Pharmaceutical works, Sugar, cement and paper trade, insurance, cinema, tea, tanneries cotton mills, founder engineers, etc.

Finances —A statement of the Revenue and Expenditure of the Chamber for the year ending 31st December, 1938 together with the Balance Sheet as on 31st December, 1938 are appended to the Report. The mainstay of the finances of the Chamber, it need hardly be stated, is the subscription received from the members. The receipt under this head amounted to Rs. 14,175 only during the year under review. Steps are being taken to collect the outstanding subscription from members. During the year, all members of the Chamber who were appointed as representatives of the Chamber on various public bodies,

returned to the Chamber the fees derived by them from attending meetings of their respective bodies as contributions towards the funds of the Chamber. These contributions amounted to Rs. 2,283-5-0, Rs. 1,320-0-0 having been received from Mr. D. P. Khaitan, Rs. 477-0-0 from Mr. A. L. Ojha, Rs. 262-4-0 from Mr. Faizullah Gangjee, Rs. 96-0-0 from Mr. K. L. Jatia, Rs. 63-14-0 from Mr. M. L. Shah, Rs. 31-15-0 from Mr. R. Chakravarty and Rs. 31-15-0 from Mr. J. Chakravarty.

The Committee welcome this opportunity of expressing their thankfulness to the various members for their munificence.

Sd. S. R. DHADDA,

Secretary.

Sir. A R. DALAL, Sd.

President.

STATEMENT OF ACCOUNTS

Indian Chamber

BALANCE SHEET *as at*

LIABILITIES	Rs. As. P.	Rs. As. P.
Outstanding Liabilities :		
General Department ..	388 10 0	
Tribunal of Arbitration .	289 12 0	
		678 6 0
Advance account ...	...	75 0 0
Provident Fund Account ..	...	5,952 14 9
Contribution for Portraits of Presidents .	...	390 0 0
" " Furniture ..	...	1,241 5 6
" to Party Fund ...	..	487 7 9
" " Relief Fund .	..	1,050 0 0
Surplus Fund :		
Balance as per last account .	12,277 2 6	
Less Excess of Expenditure over Income .	620 13 9	
		11,656 4 9
Total Rs. ..		21,531 6 9

Auditor's Report

We beg to report that we have audited the Balance Sheet of the Indian Chamber of Commerce, Calcutta, dated 31st December, 1938, as above set forth with the books and accounts submitted and have obtained the information and explanations we have required.

In our opinion, such Balance Sheet is drawn up in conformity with the law and exhibits a true and correct view of the state of Chamber's affairs according to the best of our information and explanations given to us and as shown by the books and accounts of the Chamber. In our opinion the Books of Accounts have been kept by the Chamber as required by law.

For S. B. DANDEKAR & CO.,
S. B. DANDEKAR, B.CM, G D A, R A.
Registered Accountant,
Government Diplomaed Accountant

Hony.
Auditors

18, Parsee Church Street, Calcutta

Dated, 13th February, 1939.

of Commerce, Calcutta

31st December, 1938

ASSETS	Rs. As. P.	Rs. As. P.
Furniture :		
Balance as per last a/c (Net) ...	6,560 9 0	
Additions during the year ...	737 11 0	
	7,298 4 0	
Less Depreciation @ 5% ...	364 14 0	6,933 6 0
Library :		
Balance as per last a/c (Net) ...	2,621 14 0	
Additions during the year ..	195 7 0	
	2,817 5 0	
Less Depreciation @ 5% ...	140 13 0	2,676 8 0
Deposits :		
With Calcutta Electric Supply Corporation Ltd. .	30 0 0	
„ Imperial Library ...	20 0 0	50 0 0
Provident Fund Investment a/c ...	...	5,952 14 9
Cash & Bank Balances with Bankers :		
Bank of India Ltd. ...	1,717 13 6	
Central Bank of India Ltd. .	3,633 0 9	5,350 14 3
Cash on hand :		
General Department ...	560 0 0	
Petty Cash ...	7 11 9	567 11 9
Total Rs ...		21,531 6 9

S. R. DHADDA,
Secretary.

SIR A. R. DALAL,
President.

Indian Chamber

REVENUE ACCOUNT for the

EXPENDITURE		Rs.	As.	P.	Rs.	As.	P.
To							
Establishment ..	.	...			19,648	4	0
Rent ...	.	...			4,380	0	0
Stationery ...	..	..			1,385	7	0
Printing ...	...	...			2,069	9	3
Telephone Charges ...	...	...			793	6	0
Postage & Telegram	.	...			799	10	0
Charges General	.	...			346	7	3
Subscription to Federation of Indian Chamber of Commerce & Industry	.	...			150	0	0
Subscription to International Chamber of Commerce Indian National Committee	.	...			33	0	0
Travelling Expenses ..	..	...			181	14	3
Repairs to Furniture ...	...	...			21	8	0
Electric Charges ..	..	..			240	13	0
Subscription to Indian Statis- tical Institute	.	...			15	0	0
„ Journals & Newspapers ..	..	..			521	14	0
Postage & Telegram (Arbitration) ...	...	...			12	14	6
Chamber's Share of Contribu- tion towards Providend Fund	...	..			993	14	6
Publicity	.	...			35	0	0
Fees for taking Expert's Opinion	..	...			250	0	0
Income Tax	.	...			19	6	0
Bank Charges ...	..	...			10	2	0
DEPRECIATION.							
On Furniture	.	364	14	9			
„ Library	...	140	13	0			
					505	11	0
Total Rs.	..				32,413	12	9

S. R. DHADDA,
Secretary.

SIR A. R. DALAL,
President.

of Commerce, Calcutta

year ended 31st December, 1938

INCOME	Rs.	As.	P.	Rs.	As.	P.
<i>By</i>						
Subscription from Members			14,175	0	0
Affiliation Fees			14,150	5	0
Contribution Receipts from Arbitrators etc.			382	8	0
Fees for fixing awards			48	0	0
Contributions			2,283	5	0
Arbitration Fees			128	0	0
Institution Fee			20	0	0
Fees for is-uing certificates			564	0	0
Interest			42	2	0
<i>By</i> Excess of Expenditure over Income			620	13	9
Note : The figure against subscription from members is the actual sum received the outstanding subscription not being taken into account						
Total Rs. ...				32,413	12	9

Examined and Found Correct

For S. B. DANDEKAR & CO.,

S. B. DANDEKAR, B.Com., C.D.A., R.A.

Registered Accountant,

Government Diplomacd Accountant

Hony.
Auditors.

Calcutta, 13th February, 1939.

REPRESENTATION ON PUBLIC BODIES

APPELLATE AUTHORITY CONSTITUTED BY RULE 75(1) OF THE BENGAL
FACTORIES RULES, 1935.

Letter No. 00336 dated 17th February, 1938.

*From the Chamber to the Government of Bengal, Department of
Commerce and Labour.*

I am directed by the Committee to refer to your Notification No. 11709|Com. dated the 11th December, 1937 in which was published a draft amendment proposed to be made in Rule 75 of the Bengal Factories Rules, 1935, in connection with the *constitution of an Appellate Authority under Section 31(1) of the Factories Act*. The Committee have already intimated to you in their letter No. 87 dated the 14th January, 1938, their agreement with the proposed amendment giving right to the Bengal, Bengal National, Indian and Muslim Chambers of Commerce of nominating a representative of Industrial interests to the said Appellate Body for a year at a time by rotation.

The Committee however, understand that representations have been made to the Government from certain quarters opposing the above proposals of the representation of the four Chambers on the Appellate Authority by rotation and insisting on the continuance of the right of the Bengal Chamber of Commerce alone to nominate a representative on the Appellate Authority every year. The reason given for this insistence is that the other Chambers represent Commercial interests more than the Industrial ones.

The Committee are not aware as to on what facts this argument is based. I am directed to invite your attention in this connection to this office letter No. 1416 dated the 30th July, 1937, in reply to your letter No. 8070|Com. of the 28th July, 1937 with which was enclosed a list of firms owning Factories, who are members of this Chamber. As will be apparent from this list, the membership of this Chamber includes a large number of Industrial establishments both important in their nature and varied in their scope. Apart from representing large industrial interests in Coal, Cotton, Jute, Sugar and Iron and Steel manufacture, the Chamber has also got on its rolls a large

number of other industrial concerns representing metal manufacturers and Foundry Engineers, Flour and Rice Mills, Potteries and Pipe manufacturers, Match manufacturers, Jute presses and ginning Factories, Chemical and Pharmacuetical concerns, Paint manufacturers, Ice and Aerated Water manufacturers, Glass manufacturers, Electrical Works and printing presses, lime manufacturers and Firms interested in Mica mining etc. In addition to all these, the membership of this Chamber includes all the Railways Companies having their Headquarters at Calcutta as also of many large industrial Banks. It is, therefore, not true to state that this Chamber does not represent important industrial interests.

As a matter of fact, as already pointed out to you in my letter No. 887 dated the 20th May, 1937, this Chamber represents the most important and active Indian Industrial interests of this province and these interests are liable to be affected as much as any others as a result of the findings of the Appellate Court and as such have the same right of representation on that Court. The Committee are, therefore, strongly opposed to the continuance of the monopoly of representation of the Bengal Chamber of Commerce on the Appellate Authority formed under Section 31 of the Factories Act, 1934, without a corresponding right of representation being given to the Indian Industrial interests.

The Committee also understand that it has been further suggested that if the Government of Bengal consider that the other Chambers should also be represented on the Appellate Authority, these Chambers could be given the right by yearly rotation, of nominating an additional i.e., fourth member of the Appellate Court, the Bengal Chamber alone continuing to have the right to nominate an independent representative every year.

In view of the reasons already stated above, the Committee strongly protest against the suggestion of discriminating in favour of the Bengal Chamber of Commerce by giving it a continuous representation on the Appellate Authority and leaving the other Chambers to nominate one representative by rotation once in every three years.

The Committee trust that the Government will not take any steps which may give undue preference to one section of industrialists over another but will amend the existing rule in such a manner as to give equal representation to the Industrial interests represented by this Chamber as to those represented by the Bengal Chamber of Commerce.

VISITING COMMITTEE FOR THE MEDICAL COLLEGE GROUP OF HOSPITALS

Letter No. 00468 dated 2nd March, 1938.

*From the Chamber to the Government of Bengal, Department of
Public Health and Local Self Government.*

I am directed to invite reference to your letter No. 2805|Medl. dated the 24th August, 1937, on the subject of the inclusion of a representative of this Chamber on the Visiting Committee for the Medical College Group of Hospitals, Calcutta. It was suggested at that time that the Chamber should renew its application for representation on the Visiting Committee this year.

The Committee need not point out that whereas all other Chambers are represented on the Visiting Committee, this Chamber has been omitted from being represented. This Chamber is representative of all large Industrial and Commercial interests in this Province and is represented on various public bodies including the Bengal Legislative Assembly, Board of Calcutta Port Commissioners, Board of Economic Enquiry, Bengal, Railway Rates Advisory Committee, Local Advisory Committees of the E. I., B. N. and E. B. Railways, Traffic Advisory Committee, Indian Central Jute Committee etc.

The Committee hope that you will kindly take the necessary steps to invite a representative of this Chamber to be included on the Visiting Committee for the Medical College Group of Hospitals.

VISITING COMMITTEE OF THE CAMPBELL HOSPITAL

Copy of letter No. 12996 dated the 25th March, 1938.

From the Government of Bengal to the Chamber.

Reference to your letter No. 00604 dated the 19th March, 1938, regarding representation on the Visiting Committee of the Medical College group of Hospitals. There is a similar Visiting Committee for the Campbell Hospital. If your Chamber desire to be represented on this Committee also, the name of a representative of the Chamber may be submitted to Government immediately.

Letter No. 00671 dated 26th March, 1938

*From the Chamber to the Government of Bengal, Department of
Public Health and Local Self Government.*

With reference to your Memo No. 12996 dated the 25th March, 1938, regarding Visiting Committee for the Campbell Group of Hospitals, I have to state that the Committee have nominated Mr. K. L. Jatia, 21, Roopchand Roy Street, Calcutta, to represent this Chamber on the same.

BOARD OF INDUSTRIES ESTABLISHED UNDER SECTION 3 (1) OF THE
BENGAL STATE AID TO INDUSTRIES ACT, 1931.

Letter No. 00476 dated 4th March, 1938.

*From the Chamber to the Government of Bengal, Department of
Agriculture and Industries.*

I am directed to invite reference to the correspondence the Committee of this Chamber had with the Government of Bengal late in 1931 and in 1932 regarding representation of the Chamber on the Board of Industries established under Section 3(1) of the Bengal State Aid to Industries Act, 1931. In their letter No. 415 dated the 22nd January, 1932 the Government had assured that the question of selection of a representative of the Chamber for appointment as a member of the Board will receive due consideration at the time of the reconstitution of the Board. The then Hon'ble Minister in charge of the Department of Agriculture and Industries had also appreciated the reasonableness of the request of the Chamber for representation on the Board, when Mr Amritlal Ojha and Mr. D. P. Khaitan interviewed him on behalf of the Chamber in August 1931.

Ever since the Bengal State Aid to Industries Bill was circulated in 1928, this Chamber has been evincing a keen interest in the matter and it was at the suggestion of this Chamber that a member of the (old) Bengal Council was included on the Board. The Committee, have further to state that the claims of the Chamber as a representative body of all sections of the trade, Commerce and Industry of the Province have been recognised by the Government and the public and this Chamber has been consequently given representation in the Bengal Legislative Assembly, on the Board of Commissioners for

the Port of Calcutta, in E. I., B. N., and E. B Railway Local Advisory Committees, Board of Economic Enquiry, Bengal, Board of Apprenticeship training, Indian Central Jute Committee and a number of other bodies.

The Committee understand that the question of the amendment of the Bengal State Aid to Industries Act, 1931 is under the consideration of the Government and they trust that Section 3(1) of the Act will be so amended as to give representation to this Chamber on the Board of Industries.

Copy of letter No. 2040 dated the 28th March, 1939.

*From the Government of Bengal, Agriculture and Industries
Department, to the Chamber.*

I am directed to refer to your letter dated the 4th March, 1938, and, in reply, to say that the question of the representation of the Indian Chamber of Commerce on the Board of Industries constituted under the Bengal State Aid to Industries Act will receive due consideration when the amendment of the Act is taken up.

COMMITTEE OF MANAGEMENT OF THE GOVERNMENT WEAVING
INSTITUTE SERAMPORE.

Copy of letter No. 1731T dated the 26th April, 1938.

From the Director of Industries Government of Bengal to the Chamber

The Committee of Management of the Government Weaving Institute, Serampore, is due to be re-constituted. I would request you to be so good as to send me the name of one gentleman who may represent your Chamber on the Committee. Your representative should preferably be associated with the jute or cotton mill industry of the Province.

Please treat this as very urgent.

Letter No. 913 dated 27th April, 1938.

From the Chamber to the Director of Industries, Bengal.

I am directed to acknowledge the receipt of your letter No. 1731-T dated the 26th April, 1938 inviting the Chamber to nominate a representative to serve on the Committee of Management of the Government Weaving Institute, Serampore, and to state that the Committee have nominated Mr. B. D. Bhatler (Sir Sarupchand Hukamchand & Co., 30, Clive Street Calcutta) to represent the Chamber on the Board.

BENGAL SMOKE NUISANCE COMMISSION

Letter No. 00740 dated 2nd April, 1938

From the Chamber to the Government of Bengal, Department of Commerce.

I am directed to invite reference to the Government of Bengal Notification No. 4234-Com dated the 19th June, 1936 appointing the President and members of the Bengal Smoke Nuisance Commission under sub-section 4 of Section 4 of the Bengal Smoke Nuisance Act, 1905. The Committee regret to note that among the organisations nominating non-official members, the name of this Chamber has been omitted. The Committee need not point out that this Chamber also represents large Industrial interests which should be represented on the Smoke Nuisance Commission. I am enclosing herewith a list of Industrial concerns who are members of the Chamber.

The Committee may point-out that this Chamber has got representation on the Bengal Legislative Assembly, Board of Commissioners for the Port of Calcutta, the Advisory Committee of the Bengal Nagpur, East Indian and Eastern Bengal Railways, Indian Central Jute Committee, the Board of Economic Enquiry Bengal, Traffic Advisory Committee, the Government Commercial Institution Board, the Board of Apprenticeship training and a number of other institutions.

As the Committee of this Chamber are interested in the working of the Smoke Nuisance Commission, they would be glad if you will kindly invite this Chamber also to send a representative on the Smoke Nuisance Commission at an early date.

The Committee trust that their suggestion would be found acceptable by the Government. An early reply would oblige.

CONSULTATIVE COMMITTEE OF THE CALCUTTA ELECTRIC SUPPLY
CORPORATION.

Letter No 01511 dated 27th July, 1938.

From the Chamber to the Calcutta Electric Supply Corporation Ltd.

I am directed to invite reference to a press report appearing in yesterday's Statesman regarding your Company's consultative Committee. The Committee of the Chamber note that the scope of this consultative Committee is proposed to be enlarged by inclusion of three more members. The Committee regret to find that among the Chambers of Commerce invited to nominate members on the Consultative Committee in this connection, the name of this Chamber has not been mentioned. The Committee would like to point out that this Chamber represents vast industrial and commercial interests in Bengal and especially in Calcutta. A number of Jute Mills and presses, Sugar Mills, Collieries, Iron and Steel Manufacturers, Flour and Rice Mills, Potteries and Pipe manufacturers, etc. as also all the Railways having their head quarters at Calcutta and large Banking Corporations are on the membership of this Chamber. I am enclosing herewith a list of members for your reference.

The Committee would further state that in view of the large industrial and commercial interests represented by it, this Chamber has been given representation on the Bengal Legislative Assembly, Board of the Commissioners for the Port of Calcutta, Advisory Committees of the E. I., B. N. and E. B. Railways, Indian Central Jute Committee, Board of Economic Enquiry, Bengal, Calcutta Traffic Advisory Committee, Visiting Committees of various Hospitals and a number of other institutions.

The Committee feel that the name of this Chamber was omitted through oversight when Commercial Bodies were asked to nominate members on the Consultative Committee of your Corporation. They trust that you would now invite them to nominate their representative on your Committee.

Copy of letter dated the 30th August, 1938.

From the Calcutta Electric Supply Corporation to the Chamber.

I am directed to refer to correspondence ending with your letter Ref. 01534 dated the 30th July, 1938, and to say that, whilst my Board fully appreciate the important interests represented by the Indian Chamber of Commerce, Calcutta, they are particularly desirous that the Consultative Committee attached to the Company shall not be unwieldy, consistent with ensuring that it is adequately representative of all classes of consumers.

They feel that as now constituted on an enlarged basis, the Consultative Committee does enable all interests commercial, public and domestic to keep in close touch with the Company, and to put forward any relevant matters which may concern them.

I am therefore requested to inform you that my Board are not prepared further to enlarge the scope of the Committee.

Letter No 01752 dated the 3rd September, 1938

From the Chamber to the Calcutta Electric Supply Corporation, Ltd.

I am directed to acknowledge the receipt of your letter dated the 30th August, 1938 in reply to my letter of the 30th July, 1938 regarding the representation of this Chamber on the Consultative Committee. My Committee are unable to appreciate your contention that the Consultative Committee, as now constituted on an enlarged basis, enables all interests to keep in close touch with your Company. They need hardly reiterate that the Indian Chamber apart from representing very large and varied Indian Commercial interests, has also got within its membership a large number of industrial concerns. As such the Chamber has been accorded representation on all important public bodies including the Port Trust, the various Local Railway Advisory Committees as also on the Bengal Legislative Assembly. It would, therefore, be very unfair to the large interests represented by the Chamber if the Chamber is not given a seat on the Consultative Committee. My Committee trust that you will kindly put the matter again before your Board for re-consideration.

Letter No. 02002 dated 21st September, 1938.

*From the Chamber to the Government of Bengal, Department of
Commerce and Labour.*

I am directed to refer to the recent announcement of the Calcutta Electric Supply Corporation Limited enlarging the scope of their Consultative Committee by the inclusion of three more members, one each representing the Bengal National and the Muslim Chamber of Commerce and another additional representing the Municipalities other than Calcutta and Howrah.

As soon as the matter was brought to the notice of the Chamber, the Committee addressed a letter (No. 1511 dated 27th July, 1937 copy enclosed) to the Agent, Calcutta Electric Supply Corporation protesting against the omission of the Indian Chamber from being represented on their Consultative Committee. It was pointed out, that in view of the large industrial and trade interests represented by the Chamber and in view of the fact that the Chamber was a recognised body having representation on almost all important public bodies including Bengal Legislative Assembly, the Chamber should have been given representation on the Consultative Committee along with the other Chambers of Commerce. The Electric Supply Corporation however, replied on the 30th August, 1938 (copy enclosed) expressing their inability to accede to the desire of the Chamber, to which a further reply was sent by the Chamber on the 3rd September, 1938 (copy enclosed). This letter was simply acknowledged by the Electric Supply Corporation on the 10th September, 1938 (as per copy enclosed).

I am directed by the Committee of the Chamber to invite your attention to the obviously unfair attitude of the Calcutta Electric Supply Corporation in the matter. The Committee need hardly emphasise that the Indian Chamber represents very important commercial interests and has been recognised as such not only by the Government of Bengal but also by the Government of India. The Calcutta Electric Supply Corporation being a Public utility concern was not justified in omitting in the first instance to include a representative of the Indian Chamber on the Consultative Committee and to refuse to rectify the omission when requested by the Chamber to do so. I am directed to point out in this connection that when the matter came up before the Calcutta Corporation on the 27th July last, the Corporation also adopted a motion recommending the

inclusion of a representative of the Indian Chamber in the Consultative Committee. The Committee trust that the Government of Bengal will kindly move in the matter and take suitable steps to see that this obvious injustice is set right.

THE TEA MARKET EXPANSION BOARD

Letter No 1639 dated 16th August, 1938.

From the Chamber to the Government of India, Department of Commerce.

I have been directed by the Committee of the Indian Chamber of Commerce, Calcutta to refer to the Bill introduced on Monday the 16th August in the Legislative Assembly by the Hon'ble the Commerce Member to amend the Indian Tea Cess Act of 1903 with a view to enlarge the constitution of the Tea Marketing Expansion Board by including therein a representative of the Travancore tea interests.

As it is well known to the Government, the Indian Chamber of Commerce represents large and varied interests not only those having business in Calcutta and parts of Bengal but also various other important Indian firms. It is needless to point out that the Indian Chamber of Commerce has always represented the interests of the Indian Commercial Community effectively and has been recognised as doing so both by the Central as well as the Government of Bengal.

The Committee find that both the Bengal Chamber and the Bengal National Chamber of Commerce enjoy representation on the Tea Marketing Expansion Board apart from the tea industry which is represented through the Indian Tea Association. It is obvious that the two Chambers mentioned above have been given seats on the Board in order to represent general commercial interests. The Committee would like to point out that the Indian Chamber of Commerce apart from representing very large and important Indian commercial interests has also got tea estates and companies within its membership and the Committee therefore strongly urge that the present opportunity of enlarging the constitution of the Tea Marketing Expansion Board should be availed of by the Government of India to give representation to the Indian Chamber also on the said Board so that the views of the Indian Commercial Community may be adequately represented on the same. The Committee have no doubt

that when a similar representation is being allowed to the Bengal and the Bengal National Chamber of Commerce they will take steps to remove this inequality by giving a seat to the Indian Chamber also. I need hardly add that the Indian Chamber enjoys the right of representation in the Bengal Legislative Assembly along with the other Chambers.

I confirm having sent to you the following telegram yesterday:

“Understand Commerce Member introducing Tea Cess Amendment Bill to-day to amend clause regarding Constitution of Board Stop Indian Chamber Strongly urge Government allot one seat in Board to them to represent general commercial interests Indchamb.”

The Committee of the Chamber trust that the Government will give serious consideration to their request and that they will make due provision in the amending Bill to give adequate representation to the Chamber on the Tea Marketing Expansion Board.

Letter No. 02170 dated 18th October, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed to invite reference to my letter No. 1639 dated the 16th August, 1938 regarding representation of this Chamber on the Tea Marketing Expansion Board. The Committee regret to note that the amendment to the Indian Tea Cess Act of 1903 has been passed as originally proposed and no Representative of this Chamber has been included on the Board.

The Committee would again emphasise that the Indian Chamber of Commerce represents large and varied interests and practically every important Indian firm in the country is a member of this Chamber. In view of this both the Provincial and the Central Governments have recognised this Chamber as effectively representing the view point of the Indian commercial community. Apart from representing very large and important Indian commercial interests, this Chamber has also got a number of tea estates and companies within its membership. The Committee had therefore urged the Government to take that opportunity of enlarging the constitution of

the Tea Marketing Expansion Board and to give representation to the Indian Chamber also on the same so that the views of the Indian commercial community may be adequately represented on the Board. The Committee regret to note that the Government have not deemed it advisable to take any action in the matter.

The Committee would also point out here that both the Bengal Chamber and the Bengal National Chamber enjoy representation on the Tea Marketing Expansion Board apart from the Tea Industry which is represented through the Indian Tea Association. The Committee of this Chamber firmly believe that this inequality should be removed by giving a seat to the Indian Chamber also. The Committee need hardly mention that the Indian Chamber enjoy the right of representation in the Bengal Legislative Assembly along with the other Chambers. In view of the claims of the important industrial and commercial interests represented by this Chamber, the Committee would again request the Government to take an early opportunity to amend the Indian Tea Cess Act, 1903 with a view to grant representation to this Chamber on the Board. The Committee trust the matter will receive serious consideration of the Government.

INTERVIEWS AND MEETINGS

MEETING WITH MR. G. V. BEWOOR, C.I.E., I.C.S., DIRECTOR GENERAL
OF POSTS AND TELEGRAPHS ON 30TH JUNE, 1938.

SUBJECTS:—Discussed at the Meeting.

During the course of discussion, the Committee stressed the necessity of reduction in the present postal and Telegraphic rates between India and Burma and urged for unilateral action on the part of the Government of India even if the Government of Burma do not agree to make any reduction, particularly in respect of the rates for post-cards and letters.

Apropos the Trunk Telephone Service, the Committee brought to the notice of the Director-General several difficulties experienced by subscribers, for example, delay in getting trunk connections and absence of any distinctive indication when a trunk call is received. The question of extending telephone facilities to the RaneeGUNJ Coal Field Area was also discussed.

Another interesting subject was about reduction of rates charged for the registration of abbreviated telegraphic addresses. The Committee pointed out how the rates charged for such registration in India were high in comparison to the charges in other countries particularly having regard to the great difference obtaining in respect of economic conditions in India and other countries.

MEETING WITH MR. J. F. SHEEHY, I.C.S., MEMBER CENTRAL BOARD
OF REVENUE ON THE 11TH JULY, 1938.

SUBJECTS:—Discussed with Mr. J. F. Sheehy, I.C.S., Member Central Board of Revenue.

(1) Notification under Section 60(1) of the Income Tax Act according to the recommendation of the Income Tax Enquiry Committee regarding allowance to Managing Agents in computing their income from the Managing Agency Commission, in respect of portions of such commission paid away by the Managing Agents to other parties.

(2) Clause 39 of the Income Tax Bill providing for reopening of assessment for a period of six years.

(3) Clause 17 of the Bill providing for amalgamation of the incomes of the husband and wife for the purposes of taxation.

(4) Provisions in the Bill about appeal. Also clause 38 of the Bill abolishing the Board of Referees.

(5) Depreciation and obsolescence provisions clause 10 of the Bill.

(6) Distinctions about resident and domicile in the Bill. Clauses 4 and 5 of the Bill.

(7) Exemption of pensions, leave salaries and allowances.

(8) Provisions about Bad debts. Clause 10(b) (v) of the Bill.

(9) Clause 15 of the Bill—Limit of Rs. 6,000 as the exemption in the case of Life Insurances.

(10) Clause 53—double taxation relief under Section 49.

MEETING WITH MR. L. WILSON THE CHIEF COMMISSIONER AND MR
B. M. STAIG THE FINANCIAL COMMISSIONER OF RAILWAYS
ON THE 28TH JULY, 1938.

SUBJECTS:—Discussed with the Chief and Financial Commissioners
of Railways.

- (1) Rebate on cotton booked to stations in Bengal.
 - (2) Air Conditioned service between Howrah and Bombay.
 - (3) Shortage of coal wagons.
 - (4) Jute-Type Wagons.
 - (5) Damage to cotton piece-goods.
 - (6) Scheduled seating accommodation for third class passengers.
 - (7) Illegal gratification demanded by the Railway Staff.
-

CUSTOMS**ENQUIRY BY THE TARIFF BOARD INTO THE QUESTION OF PROTECTION
TO PAPER AND PAPER PULP INDUSTRIES.**

Letter No. 00339 dated 18th February, 1938.

From the Chamber to the Tariff Board.

With reference to your Circular letter No. 18 dated Poona the 5th January, 1938, with which you enclosed three sets of questionnaire in connection with the Tariff Enquiry into the desirability of continuing the measure for the protection of the Bamboo Paper and paper pulp industries after the 31st March, 1939, when the existing protective duties expire, I am directed to state below the considered views of the Committee on the question.

Although it is true that protection to the Paper Industry was granted in 1932 for a period of seven years which is to expire in March 1939, the Committee need hardly point out that it is only during the last two years that new concerns have come in the field. Many of them have not yet started manufacturing operations. Under the circumstances, it is obvious that if the scale of protection at present granted to the Industry is in any way lowered or removed, it will definitely be harmful to the interests of the many newly started Indian concerns and would subject them from the start to competition from long-established foreign industries. It is, therefore, essential that in order that the objects with which protection was granted may be achieved, no recommendation should be made at present for lowering or removing in any way the existing measure of protection. The present measure of protection was given in order to enable India's bamboo resources to be properly exploited but as it is only within the last year or two that some of the large schemes for the utilisation of these bamboo resources have materialised and even among these many have not yet commenced actual production, it is essential that the Board should recommend the continuance of the existing measures of protection in order to enable this indigenous industry to develop and to be able to meet any possible competition from outside.

Protection is at present confined to only a certain class of papers, ostensibly those which could easily be manufactured from bamboo. The Committee find that the increase in India's consumption of the protected varieties of paper was from 49,000 tons in 1930-31 to

55,000 tons only in 1936-37, her consumption in respect of the unprotected varieties over the same period increased from 1,05,000 tons to 1,53,000 tons. It would thus appear that there is considerable scope for the expansion of the paper manufacturing industry in this country in some of the unprotected varieties. The Committee are given to understand that as a result of recent experiments, it has been found that it is possible to manufacture certain varieties of packing paper particularly kraft paper, from bamboo pulp. It is well-known that the productive capacity of the existing mills in the country in respect of the present protected varieties of paper has considerably increased in recent years and, therefore, the diversification of manufacturing activities to other classes of paper would not only help in the further utilisation of the country's bamboo resources, but would also be very desirable for the healthy and all-round development of the industry. The Committee understand that packing paper of the value of about 50 lakhs of rupees is imported every year in the country and about two-thirds of these imports are of the class which can be manufactured from bamboo pulp. The extension of paper manufacturing activity in these directions can, however, be made only if the particular classes of papers are also included in the scheme of protection and adequate security is afforded to the Indian industry against any possible competition from outside. There is no reason why India, with her abundant supply of raw materials and a vast market should not be able to produce, if not all, at least a substantial part, of her requirements of paper provided the industry is given adequate protection.

The Committee, therefore, trust that not only will the Tariff Board recommend the continuance of the present protection but would also recommend its extension to other classes of paper at present unprotected, particularly packing paper including kraft and imitation kraft.

The Committee hope that the above views will receive careful consideration of the Board, in formulating their recommendations to the Government of India.

Letter No. 01476 dated 22nd July, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed to invite reference to the Government of India, Department of Commerce Resolution No. 202-1(4)|38 dated the

25th June, 1938, regarding removal of the Revenue Surcharge on the protected classes of paper and wood-pulp. The Committee regret to note that the Government of India have accepted the findings of the Tariff Board to the effect that the revenue surcharge is not required as a measure of protection at the prevailing level of prices. One of the main reasons advanced by the Tariff Board in support of their conclusion is that the present level of prices of imported paper is such that the continuance of the surcharge was no longer justified. The Committee would, however, point out that the original protective duty granted to the industry was rendered ineffective by large imports of paper at uneconomic prices and it was only with the help of the surcharge, that the Indian Paper Mills were able to withhold such competition. The Tariff Board also has recognised the fact and they state that "without the surcharge the margin of profit as shown in Table III would have been small and in two cases have been converted into a loss." The Committee are, therefore, of opinion that it is improper to base the conclusion on such an important question on the price level temporarily prevailing in the market.

The Tariff Board further mention that three principal companies who manufacture from bamboo or grass pulp and whose combined output represented 85 per cent of the total production in 1936-37 agreed that the continuance of the surcharge was not necessary. The Committee would, however, state that a number of paper factories are under construction and the capital drawn into the same on the presumption of a fair return would receive a definite setback if the assurance of a reasonable margin of profit is withdrawn by the abolition of the surcharge. The price which the consumers had to pay in 1936-37, notwithstanding the surcharge, was lower than they paid in 1930-31. The Committee, therefore, do not believe that there was any unnecessary burden on the consumer due to the surcharge. Moreover, the Tariff Board states that the other two companies, apart from the three principal companies use larger quantities of imported pulp. If the surcharge is abolished, however, the imports of such pulp would be still greater.

The Committee are aware that the Tariff Board has recommended action under Section 4 of the Indian Tariff Act if the price of any class of imported paper falls to the level of rendering the protective duty nugatory. They would, however, point out that the paper industry is at present in the transitional period of development and is not yet fully established and any adverse effect on the reasonable margin of profit even for a short time is bound to have repercussions

on its healthy development. The Committee would, therefore, strongly urge the Government to reconsider the matter and continue the revenue surcharge on the protective duties as at present.

The Committee trust the matter would receive careful consideration of the Government.

Copy of letter No. 202-T(4)/38 dated the 29th July, 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

I am directed to refer to your letter No. 01476, dated the 22nd July, 1938, and to say that the views of your Chamber have been noted by the Government of India.

2. I am to add that the revenue surcharge on the protected classes of paper and on wood pulp has already been removed by this Department Notification No. 202-T(4)|38 dated the 25th June, 1938, a copy of which is enclosed for ready reference together with a copy of Resolution No. 202-T(4)|38, dated the 25th June, 1938, which deals with the subject.

✓ PROTECTION TO MINOR INDUSTRIES.

Letter No. 00237 dated 31st January, 1938.

*From the Chamber to the Government of India, Department of
Commerce.*

In continuation of my letter No. 178 dated the 22nd January, 1938, I am directed to state further that the Artificial Silk Yarn Industry is also being affected by adverse competition from Japan. As the Committee pointed out in their letter referred to above, the Sino Japanese hostilities have had little influence on the course of the Indo-Japanese trade at present and trade between the two countries have resumed its normal proportions. A glance over the following figures about the imports of Japanese Artificial Silk yarn in India will show how the Indian manufactures have to face Japanese competition in the Industry.

Year	Months	Quantity in lbs.	Value in Rupees
1937	September	1,218,881	8,29,966
1937	October	3,743,513	24,01,417
1937	November	5,855,933	34,84,988

The Committee need not emphasize further that the suspension of the enquiry into the question of minor Industries affected by Japanese competition has been quite inadvisable and they trust that the Government would complete the enquiry undertaken by them.

Copy of letter No. 312-T(6C)/37 dated the 22nd February, 1938.

From the Government of India, Department of Commerce, to the Chamber.

SUBJECT:—Enquiry regarding the grant of assistance to minor industries in India against Japanese competition.

With reference to your letters No. 278 and 237 dated the 22nd January 1938 and 31st January, 1938 respectively I am directed to forward a copy of the question by Mr. T. S. Avinashilingam Chettiar in the Legislative Assembly regarding suspension of the above enquiry and the answer given to it on the 1st February, 1938 which explains the position.

Letter No 00775 dated 8th April, 1938.

From the Chamber to the Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite reference to your letter No. 312-T(6C)/37 dated the 22nd February, 1938, on the subject of enquiry into the question of protection to minor industries against Japanese competition. The Committee have carefully noted the replies given by the Commerce Secretary in the Legislative Assembly to interpellations on this subject but they regret to observe that no satisfactory reasons were adduced for the suspension of the enquiry by the Commerce Secretary who merely referred the questioners to the Government Communique dated the 3rd November, 1937 on the subject. The Committee have already dealt with this communique in their letter to the Government of India dated the 18th November, 1937, but they would like to deal with the situation as it has developed since that date.

In reply to the question whether Japanese goods are still coming into the country, the Commerce Secretary stated that some Japanese

goods were still coming into the country. The Committee have to point out that this is an extraordinary understatement of facts and is positively misleading. It is borne out by trade returns that imports of miscellaneous goods from Japan have considerably increased recently. Despite the Sino-Japanese War, Japan has been able to export to India more miscellaneous goods than before and coupled with the diminishing imports of cotton from India, Japan has converted India's favourable balance of trade into an unfavourable balance to the extent of Rs. 682 lakhs. It is significant that the increase in Japanese imports is consisted mainly of miscellaneous goods whose value has increased by no less than Rs. 333 lakhs during the nine months ended December, 1937 as compared with the same period of 1936. It is evident that while Japan has not been able to dispose of piece goods in India which had been originally meant for China, miscellaneous meant for that market have been increasingly imported into India without difficulty. The Committee need hardly point out that a large number of these miscellaneous goods are manufactured by small and minor industries in this country and it is therefore, imperative that the enquiry into the conditions of these industries should be proceeded with

As regards the reasons for the suspension of the enquiry the Committee refer to the Press Communique which the Commerce Secretary asked the members to study. It was stated therein that the enquiry had to be suspended owing to the unsettled conditions in the Far East and owing to the steady rise in prices of Japanese imports. As regards the former contention, the unsettled conditions in the Far East have been prolonged but they have ceased to influence the course of Indo Japanese Trade so far as imports of Japanese goods into India are concerned; it is only in regard to the exports of cotton from India that the Sino-Japanese War and the stringent exchange restrictions have adversely affected Indian cotton interests. In fact, the imports from Japan have as pointed out above, increased during recent months and in view of this the decision of the Government needs to be reconsidered.

As regards the rise in the prices of Japanese goods, Mr. H. Dow, the Commerce Secretary himself acknowledged in reply to the interpellations of Mr. Avinasilingam Chettiar in the Assembly that "prices of Japanese imports into India in recent months do not show any definite trend in either direction." "In some cases a rise has occurred," he added, "while in others a downward tendency is noticeable. Conditions are too unsettled for any definite opinion to be

expressed regarding the future course of prices." If this is the case, the Committee fail to understand why the Government Communique of November stated that the prices of Japanese imports into India are steadily rising. In any event, even assuming that the prices do not show any definite trend in either direction, the argument of rise in prices cannot now be made a ground for not proceeding with the enquiry which had already covered about 40 Industries. Even if tariff adjustments could not be made owing to unsettled conditions the enquiry could have been completed and its conclusions kept ready for action whenever it was found necessary.

The Committee cannot help observing that the Government have been dealing with this important question of minor industries in an altogether perfunctory manner. Although their attention had been drawn to this matter as far back as 1933 at the time of the Indo Japanese trade convention and also during the negotiations in 1936, the Government did not agree to bring this question within the purview of the trade agreement with the result that this question was altogether excluded from the Indo Japanese Commercial conventions and Protocol of 1936. Excellent opportunity of assisting the struggling small industries was, therefore, lost when the trade convention was renewed two years ago, but the Government did promise a Departmental Enquiry in July, 1936. It was, however, only after a lapse of one year i.e. in June, 1937, that the Government took any action at all on the subject by appointing a special officer to examine the cases of minor industries adversely affected by Japanese competition. Apart from the fact that this procedure of investigation was hardly satisfactory, the departmental investigation was inordinately delayed and it took months while Japan was taking advantage of the period of intermission and increasing the exports of miscellaneous articles with a view to get over any eventual action which would be taken after the enquiry was completed. The Indian Commercial community was however, surprised when even this slow process of investigation was all on a sudden suspended and the whole question was dropped in November last. The result is that after over a year and a half of consideration things are exactly where they were. The enquiry in fact, was overdue in view of the Governments' promise in July 1936 but even this enquiry, inadequate and prolonged as it was, has been given up. The Committee have to point out that it is a sheer waste of money and time to discontinue the enquiry and to leave it incomplete. The Committee cannot help observing that the Government failed to recognise the vital importance of the question of development of small industries in a country like India.

The Committee note the statement of the Commerce Secretary in the Assembly that an enquiry was made in the cases of as many as 40 industries. They would, therefore strongly urge the Government to proceed with the enquiry, to complete the work undertaken in this connection at an early date and to publish the findings of this enquiry for the information of the public and the Industries concerned.

ENQUIRY BY THE TARIFF BOARD INTO THE QUESTION OF PROTECTION
TO THE MAGNESIUM CHLORIDE INDUSTRY.

Copy of letter No. 63 dated the 12th January, 1938.

From the Tariff Board to the Chamber.

In connection with the enquiry referred to the Tariff Board by the Government of India, Department of Commerce, in their Resolution No. 199-T(1)/37, dated the 18th December, 1937 as to the desirability of continuing measures for the protection of the Magnesium Chloride Industry after the 31st March, 1939, I am directed to forward herewith a copy of the questionnaire issued by the Board and to say that if your Chamber wish to express their views on any of the questions or on the effect of the protective duties on Magnesium Chloride on textile or other industries, they may be forwarded (with 4 spare copies) to the Secretary to the Board at No. 1, Council House Street, Calcutta, not later than the 7th February, 1938.

Letter No. 00419 dated 24th February, 1938.

From the Chamber to the Tariff Board, Calcutta.

I am directed to invite reference to your letter No. 63 dated Poona the 12th January, 1938, forwarding a copy of the questionnaire issued by the Board regarding the desirability of continuing measures for the protection of Magnesium Chloride Industry after the 31st March, 1939. The Committee have carefully gone through the questions set forth in the questionnaire and have to give their views regarding some of them as under :—

The Committee of this Chamber are of opinion that the Magnesium Chloride Industry possesses natural advantages such as abundant

supply of raw materials, cheap power, a sufficient supply of labour and also a large home market. Magnesium Chloride is used as a natural softner in the Weaving Industry and taking into consideration the large number of cotton Mills in India the market for Magnesium Chloride is bound to be a large one.

The Committee also believe that without the help of protection the indigenous industry is not likely to develop at all or to face competition from fully developed industries in other countries. According to the Committee, if a suitable protection is maintained for the Industry for a number of years the Industry will eventually be in a position to compete with the Industries in other countries. Moreover, in the opinion of the Committee the Magnesium Chloride Industry in India is one in which the advantages of large scale production can be achieved and that increasing output would conduce to increasing economy of production. The Committee do not doubt that in course of time the whole need of the country could be supplied by the home production.

The Committee would further state that economic considerations regarding protection to Magnesium Chloride Industry do not count much and that the industry is of sufficient importance from the view point of the economic development of the country to be granted protection.

Regarding improvement in efficiency of manufacture as judged by reduction in the cost, reduction in losses in the process of manufacture and improvement in the quality, the Committee are of the opinion that if adequate protection is maintained for the industry, the claim for protection would be justified on these grounds in a short time.

The Committee trust that the Tariff Board would give a careful consideration to the suggestions made above.

IMPORTS OF JAPANESE ARTIFICIAL SILK LOONGIES INTO CALCUTTA THROUGH THE PORT OF RANGOON

Letter No 552 dated 12th March, 1938.

*From the Chamber to the Government of India, Department of
Commerce.*

The attention of the Committee of this Chamber has been drawn to the recent increasing imports of the Japanese Artificial Silk

Loongies into Calcutta. This port provides a very limited market for "Loongies" as such. The Committee understand that these pieces which are made of Artificial Silk about one and three-quarter yards in length and 36 inches in width and is stitched at ends from top to bottom to make an endless piece are, after importation, cut open at the stitches and are then sold as fents. The top piece usually of cotton about six to eight inches in width is stitched at the top and there is also a beading about $4\frac{1}{2}$ inches wide right round the bottom of the piece in order to make it appear like a "Loongy," but these top and bottom pieces are stitched in such a manner that they can be easily removed. To substantiate the above points I am sending under separate registered parcel a sample of the 'loongies' imported at this port. The reason for the import of these fents in this indirect manner is that if artificial silk fabric is imported as such, it is liable to a very high rate of duty namely 50 per cent ad valorem or five annas per square yard whichever is higher, whereas, artificial silk Loongies fall under the head "Apparel" and are assessed at only 35 per cent ad valorem.

As pointed out above, Calcutta is not a very big natural market for Loongies and the increasing imports of these Artificial Loongies naturally attracted the attention of the Customs Authorities who tightened the control and began to assess these Loongies at the high rate of 5 annas per square yard. Confronted with this obstacle the importers have now adopted another contrivance to circumvent the higher duty namely that they import these Loongies from Japan into the Port of Rangoon paying Customs duty there and then reship the goods to the Calcutta port. Burma is a very large market for Loongies which are widely used in that country and hence the Customs Authorities there do not have any reason to suspect larger imports and charge customs duty at the usual rate of 35 per cent ad valorem as chargeable on Artificial Silk Loongies. Moreover, when once the duty is paid at the port of Rangoon and the goods trans-shipped to Calcutta, and no further duty being chargeable at the latter port in accordance with the provisions of part 2 of the India and Burma (Trade Regulation) Order, it becomes easier for the importers to get the goods through the customs without any particular scrutiny. The Committee understand that a large number of cases of these Artificial Silk Loongies have thus been imported into Calcutta by this indirect method and they further understand that a large consignment of about 600 cases is still lying in Rangoon to be gradually shipped to Calcutta. The Committee need hardly point out that this smuggling of Artificial Silk fents under the cover of

'Loongies' is proving an increasing menace to the indigenous textile industry. That such imports are harmful to the textile industry has already been recognised by the Government when they put up the protective duty of 50 per cent ad valorem or five annas per square yard, whichever is higher on them. It will, however, be apparent from the above facts that the adoption of the indirect methods point-out above, has not only considerably reduced the benefit of the protection granted to the textile industry, but has also deprived the Government of its revenues to a large extent. The matter is of considerable importance to the textile industry and the Committee trust that the Government of India will take immediate steps in the matter and stop this circumvention of the protection granted by it. The Committee shall be glad to have an early reply as to the steps taken by the Government in this matter.

Letter No. 01839 dated 7th September, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed to invite attention to my letter No. 552 dated the 12th March, 1938, regarding imports of Artificial Silk Loongies into Calcutta. The Committee would be glad to be enlightened as to what action the Government of India have taken in the matter. They would point out that such large imports of these loongies into Calcutta prove extremely prejudicial to the textile industry and it is necessary that the Government should take immediate steps to prevent this circumvention of the protection granted by it. The Committee would further state that imports of artificial silk fabric in the form of loongies has been encouraged because the same are assessed under item 52 of the Indian Customs Tariff i.e., under the head "Apparel, hosiery, haberdashery, millinery and drapery, not otherwise specified" Under this head, an import duty of only 35 per cent ad valorem is leviable on them, whereas a duty of 50 per cent ad valorem or 4 As per square yard whichever is higher, would be levied on the same if imported as fabric and charged under "Fabric containing more than 90 per cent artificial silk." In view of the handicap the textile industry is placed in on account of such circumvention of the protective duty, the Committee would strongly urge the Government to see that no artificial silk fabric is imported in the form of loongies either direct or through Rangoon into Calcutta. The Committee trust the matter will now receive an early attention of the Government.

Copy of letter No. 341-T(24)/38 dated the 17th November, 1938.

From the Government of India to the Chamber.

SUBJECT:—Assessment of artificial silk loongyes to import duty.

In reply to your letter No. 1839 dated the 7th September, 1938, on the above subject, I am directed to say that artificial silk loongyes are correctly assessed to duty under item No. 52 of the Import Tariff Schedule. The rate of duty cannot be enhanced without legislation and the Government of India have noted your Chamber's views in this connection.

Letter No. 02523 dated 7th December, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed to invite reference to your letter No. 341-T(24)/38 dated the 17th November, 1938, regarding assessment of artificial Silk Loongies to import duty. The Committee note that artificial silk loongies are correctly assessed to duty under item No. 52 of the Import Tariff Schedule and that the rate of duty cannot be enhanced without legislation. The Committee would, however, point out that in view of the large imports of artificial silk loongies into Calcutta, circumventing the protective duty, the necessity of an alteration in the import duty by legislation cannot be under-rated, as these imports have proved highly prejudicial to the indigenous textile industry. The Committee would suggest that all ready-made apparel should be brought into the same category as fabrics for the purposes of import tariff. Apart from the circumvention of duty on account of imports of silk fabrics in the form of loongies, these cheap ready-made apparels with which the market is flooded have proved a great hardship to indigenous labour also making wearing apparel. Moreover, the Committee believe that when the justification of this case of preventing imports of silk fabrics in the form of loongies has been recognised by the Government, there is no reason why steps should not be taken in order to protect the indigenous textile industry, which has come to suffer heavily on account of these large imports. The Committee would, therefore, urge that the Government should introduce legislation in this behalf at an early date making all apparel liable to import duty similar to that charged on fabrics.

Copy of letter No. 341-T(27)/38 dated the 7th January 1939.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—Assessment of ready-made apparel to import duty.

I am directed to acknowledge the receipt of your letter No. 02523, dated the 7th December, 1938, on the above subject, and to say that the views of your Chamber have been noted by the Government of India.

EXCISE DUTY ON MEDICINAL PREPARATIONS AND ESSENCES FOR
AERATED WATERS AND CONFECTIONERY ETC.

Letter No. 00148 dated 4th April, 1938.

From the Chamber to the Central Board of Revenue.

RE: Excise duty on medicinal preparations and essences for aerated waters etc.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the decision arrived at on the above subject by the Excise Conference which met at Delhi on the 8th November last.

Subject No. 1 for the Conference was "Uniformity in rate of duty on spirituous, medicinal and toilet preparations and on rectified spirit in all Provinces and important participating States with identical exemption in case of medicines required for charitable dispensaries." The Committee understand that the Conference after discussing the matter provisionally agreed to fix the duty on various spirituous preparations as under:—

Articles	Rate of duty
(1) Spirituous medicinal preparations	Rs. 5-0 per proof gallon
(2) Spirituous Essences	„ 17-8 „ „ „
(3) Rectified Spirit	„ 17-8 „ „ „
(4) Medicated Wines Toilet preparations and perfumed spirits-	„ 17-8 „ „ „

The Committee have to point out that the rate of duty fixed on spirituous medicinal preparations at Rs. 5 per proof gallon is very high. The average condition of the people in India, is poor and such a high rate of duty would make the use of medicinal preparations prohibitive for a large number of them. The Committee, are,

therefore, of the opinion that the duty on such medicinal preparations should be entirely removed. This would not only make the use of these medicines available to a large number of people but also encourage the Indian Pharmacuetical Industry by increasing the demand for indigenous medicines. In case total abolition of duty is not possible, the Committee would suggest that the duty be reduced to Rs. 2 only.

The Committee have further to point out that essences have been classified for purposes of excise duty along with articles of luxuries like medicated wines, toilet preparations and perfumed spirits. Not only is there a large demand for essences for use in foodstuffs which would suffer owing to the high rate of duty but such a rate also makes the use of alcohol impossible in the manufacture of essences to the Indian Essence manufacturers. These indigenous manufacturers have therefore, to import non-alcoholic solvents like solvol and Ethylene Glycol as a substitute for alcohol. The details of the cost of alcohol and of a non-alcoholic solvent e.g., solvol would work out as under.

Cost of alcohol per gallon at strength 62.3 O. P.

Cost of alcohol	Rs. 2-0	per gallon
Duty on 1.625 per gallon at Rs. 17-8	...	...	" 28-7	" "
Vend Fee at Rs. 1 per gallon	...	...	" 1-9	" "

Total Rs. 32-0 per gallon

of 10 lbs.

Alcohol cost per lb. Rs. 3-3-6

Cost of Solvol.—A non-alcoholic substance substitute for Alcohol used for essence manufactures imported from U. S. A. or other countries.

F. O. B. cost per gallon	\$2.77
Freight and Insurance	\$.48
	<hr/>
	\$3.25
Import duty at 30 per cent ad valorem	.97
Clearing charges 2 per cent	.07

Total \$4.29

Converting \$4.29 at the exchange rate of Rs. 268 per \$100 the amount comes to Rs. 11-8 per gallon of 10 lbs.

Cost per lb. Rs. 1-2-6.

You will be able to perceive that the lower rate of Rs. 17-8 per proof gallon at which the cost of alcohol for essence manufacture works out to be Rs. 3-3-6 per lb. cannot favourably compare with the cost of non-alcoholic, substitute for alcohol like solvol which costs only Rs. 1-2-6 per lb. The Committee would observe that if the rate of duty on essences is reduced, the use of alcohol would be permissible to the Industry and Government would be getting a larger revenue by way of the cost of alcohol, than what they get by the 30 per cent import duty on non-alcoholic solvents. The Committee are, therefore, of the opinion that the duty on essences should be reduced to Rs. 5 per proof gallon as the cost of alcohol in that case would work out to be nearly the same as the cost of imported solvents as shown below.

Cost of alcohol per gallon	...	...	...	Rs. 2 0 0
Duty at Rs. 5 per proof gallon on 1.625	...	...	...	„ 8 4 0
Vend fee at Re. 1	...	...	...	„ 1 9 0
				<hr/>
Total				Rs. 11 13 0
				<hr/>
				per gallon.

Cost per lb. Rs. 1-2-9.

The only objection which the Government may entertain to these proposals is that if the duty is reduced essences may be used as a substitute for liquor and thereby the Excise Revenue of the Government may be put to loss. The Committee, however, feel that there is no cause for such an apprehension as essences contain only just enough alcohol which would keep the flavouring ingredients in solution and it is necessary to dilute the same with 1000 times the quantity of rectified spirit and distilled water if it is to be used as a substitute for liquor. The cost of rectified spirit is much higher than the cost of country liquor and so it would not be cheaper to dilute the essence with rectified spirit. Moreover, the essence manufacturers work under the control of the Excise Department and have to account for all the quantities of alcohol they use.

The Committee would also point out that the proposed duty of Rs. 17-8 per proof gallon on essences is even higher than the duty on country liquor. The Government charge on country liquor a duty of Rs. 6-4 per bulk gallon of 40 U. P. strength, Rs. 8 for 25 U. P. strength, Rs. 9 for 15 U. P. strength which works out at Rs. 10-6-8, Rs. 10-10-8 and Rs. 10-9-7 respectively per proof gallon

of alcoholic content. A higher duty on essences, therefore, does not seem to be reasonable.

The Committee understand that the Buyers and Shippers Chamber, Karachi, have made a representation to your Board on this subject and the Committee are in full support of the plea advanced by that Chamber.

The Committee trust that the matter will receive your early attention.

ADULTERATION OF DRUGS IN INDIA AND INTER-PROVINCIAL BARRIERS
OF EXCISE ON DRUGS AND PHARMACUTICAL PRODUCTS

Letter No. 00522 dated 9th March, 1938.

*From the Chamber to the Government of India, Department of
Education, Health and Lands.*

RE:—IMPORT OF DRUGS BILL, 1937.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the Bill "to regulate the import into British India of Drugs and medicines" introduced in the Legislative Assembly on the 23rd August last year. The Committee understand that the Bill was referred to a Select Committee and will shortly come up before the Legislature again for final consideration.

The question of the control of adulterated and spurious drugs is very important, not only from the point of view of the country's growing pharmaceutical Industry but ever more so from the point of view of public health and safety. The Drugs Enquiry Committee appointed by the Government of India in August 1930, and presided over by Colonel R. N. Chopra recognised the harmful effects of the traffic in adulterated drugs and suggested inter alia "legislation to control drugs whether indigenous or not." Although the Report of the Chopra Committee was submitted as far back as 1931, the Government did not take any action for a considerable time on its several important recommendations for the organisation of the Drug Industry in this country. In September, 1935, the Council of State passed a resolution requesting the Government to implement the recommendations of the Chopra Committee and representations were also made by various commercial bodies and other organisations including this

Chamber interested in the matter. While the Committee therefore, welcome the step now taken by the Government of India in introducing a Bill in the Legislature dealing with the question of spurious drugs, they are disappointed to note that the present Bill, as introduced in the Legislative Assembly does not deal with the question in a comprehensive manner but is only a half-hearted measure which might even make the conditions more difficult for the indigenous drug industry.

The most important point in connection with the Bill relates to its scope. The present Bill is limited in its application to the control of imported drugs only and does not contain any provision for a similar regulation of drugs and medicines of Indian manufacture. The reason given in the Statement of objects and reasons for limiting the provisions of the Bill to imported drugs and medicines alone is that the questions "relating to the manufacture, storage and sale of drugs "etc.," are essentially for Provincial Governments to deal with." The Committee very much regret that whereas there was ample time for the Government of India to give effect to the recommendations of the Chopra Committee between the years 1931 and 1935, they delayed the matter then, and now put forward the plea that the constitutional changes brought about by the new Government of India Act precluded them from enacting a comprehensive legislation. The Committee need hardly emphasise that the control of drugs and medicines with a view to prevent adulterated and spurious drugs from flooding the market is a question of vital importance as it directly affects the health and welfare of the nation as a whole. It is further clear that this problem can only be dealt with on an All India basis, by fixing uniform standards of strength and purity for medicines and drugs, applicable, not only to the country as a whole, but also to all preparations whether imported or indigenous. Even before the new Constitution came into force, the constitutional difficulty did exist, though in a lesser degree. The Chopra Enquiry Committee, in 1930-31, made a mention of this difficulty and stated that some of their proposals for the regulation of drugs and pharmaceutical industry fell under the class of provincial subjects. They, however, recognised the desirability of having "uniform laws relating to drugs throughout the entire extent of India," and "strongly recommended that legislation to give effect to their proposals be introduced in the Indian Legislature." The Statement of objects and reasons of the present Bill does not mention that the local Governments whose representatives were present during the consideration of the whole question pressed for the control of indigenous drugs being left to the different provinces

and, considering the uniformity of public and commercial opinion throughout the country on this subject, as recognised by the Government themselves in the statement of objects and reasons, the Committee do not believe for a moment that the Provincial Governments will stand in the way of such a desirable reform vitally affecting the health and welfare of all classes of people. The Committee have no doubt that if the Provincial Governments are approached, they will agree to uniform regulations for the control of drugs and medicines.

Apart from the fact that such a halting measure as the present Bill, which excludes indigenous drugs from its application, is absolutely inadequate to solve the problem of the adulteration of drugs in India, the Committee have to point out that there is one important aspect of the matter which has presumably been overlooked by the Government and which renders the present Bill particularly objectionable. If the present Bill is passed imported drugs will be sold in India under a hall-mark of purity and a stamp of genuineness obtained from the Government which will not be available to indigenous drugs and medicines. Indigenous drugs will thus be put to a serious disadvantage and will, by implication, bear a stamp of inferiority in the public eye. Consequently, not only will there be no provision for the regulation of indigenous adulterated drugs but even the genuine ones will also be in danger of being gradually eliminated in the market by foreign drugs and medicines. The Committee trust that the Government of India will realise the seriousness of this objection and include the drugs and medicines manufactured within the country under the scope of the Bill. The Committee would, however like to make it clear that by indigenous drugs and medicines they only mean drugs and medicines manufactured and prepared in the country under the western systems and not under the indigenous systems of treatment namely the Ayurvedic and the Unani. They agree with the Chopra Committee's views that the control of such drugs and preparations should "be kept entirely separate from that of western drugs and preparations."

Another point which the Committee would like to stress is that, as the fixation of standards under the present Act and making of the various rules and regulations for the enforcement thereof require expert knowledge and intimate contact with actual trade and manufacturing conditions, it is essential that the Government should associate with itself a statutory Advisory Board for the carrying out of these and allied functions. Here again, the Committee find that the considered views of the Drugs Enquiry Committee and the unanimous

demand of the Industry have been overlooked by the Government. The Committee strongly urge that provision should be made in the Bill for the establishment of a statutory Advisory Board with a majority of elected non-official members including members of the medical faculties of the statutory Universities in India, independent medical practitioners, representatives of manufacturers and technical experts. The Committee would like to point out that in order to make the measure effective, the Government of India should take the necessary steps to see that the regulations for the control of spurious and adulterated drugs are also adhered to and enforced by the various Indian States.

The Committee emphasise that in order to carry out the provisions of the above Act, it will be necessary to establish laboratories for testing purposes etc. It is desirable that these laboratories should be under the Government of India, advised by the Statutory Board. It may also be pointed out that in order to ensure and maintain public confidence in these laboratories it is essential that neither the Government of India nor the Provincial Governments should be directly or indirectly connected with the manufacture of drugs for the purposes of sale to local bodies or the public. The Committee understand that at present certain Government institutions and medical stores Depots manufacture certain drugs and medicines and sell them to local bodies and to the public. The drugs and pharmaceutical industry is growing in the country and the Committee urge that the various Government Medical Stores Depots should gradually stop manufacturing drugs and medicines themselves and should draw their supplies from local manufacturers.

Before concluding, the Committee would like to record their protest that on such an important Bill as the present one the Government of India did not consider it desirable to consult the various commercial bodies and invite their opinion. As the Government are no doubt aware, the various Chambers of Commerce and other commercial organisations throughout the country have been taking a very keen interest in this question of the prevention of adulteration of drugs and it was only reasonable to expect that Government would take these bodies into confidence and refer to them for their opinion any Bill which they introduce on the subject. The Committee, however, trust that the views which they have stated above will receive very careful consideration before the Bill is proceeded with.

DIFFICULTIES OF THE PHARMACEUTICAL INDUSTRY IN INDIA.

*Letter No 01430 dated 16th July, 1938.**From the Chamber to the Government of India, Finance Department.*

I am directed by the Committee to invite your attention to the difficulties experienced by the Pharmaceutical Industry in India. The Chemical and Pharmaceutical industry is slowly but surely being built up in this country and if proper encouragement is given, the Committee have no doubt that the Industry will soon be able to supply the country's demand for drugs, medicines and other allied products, and thus provide a steady and certain market for the large quantities of raw drugs also produced in the country. The total value of imports of drugs and medicines in India during the past few years has been as under :—

Year				Value
1935-36	...	...	...	Rs. 211,16,538
1936-37	...	...	...	,, 206,83,469
1937-38	...	...	...	,, 236,23,327

It shows that there is a large scope for the development of the industry within the country. Such a development is also important from the viewpoint of medicines being available to the public at cheaper rates.

There are, however, certain difficulties and handicaps which stand in the way of a healthy growth of this industry and which place it at a considerable disadvantage as compared to the imported products. Firstly, there is the high import duty on raw drugs which is 30 per cent *ad valorem*. Though India is the home of many raw drugs, there are certain raw drugs which are to be imported from foreign countries. An import duty of 30 per cent, therefore, on this raw-material of the Industry enhances the cost of production considerably. The Committee would refer here to the observations made by the Drugs Enquiry Committee in their report, to the effect that "the import of raw materials not available in India deserves special treatment The total abolition or appreciable reduction of this import duty will afford relief to the Indian Manufacturers." The Committee regret that no action was taken by the Government on this recommendation but, on the contrary, they enhanced the duty meanwhile from 20 per cent to 30 per cent. In the United Kingdom, the Committee understand, a large number of raw drugs are allowed to be imported free of duty. British Pharmaceutical concerns have

thus got an initial and a great advantage over indigenous manufactures in the Indian market. The Committee, therefore, suggest that the import duty on raw drugs should be abolished.

Secondly, the duty on imported medicines in India is charged on their alcoholic contents only and hence not only the drug contents of the medicines enter the country free of duty but also the bottles, which contain the medicines, the packing materials, the corks, the capsules, etc., are all imported free of duty. On the other hand the indigenous industry has to pay duty on each of them when importing these articles, which adds to the cost of production of the medicines manufactured here.

The Committee would also refer to the question of Railway Rates for drugs. Imported raw drugs are charged at R. R. 8 over the Indian Railways while indigenous drugs are charged at R. R. 4, which is a lower rate. The result is that foreign manufacturers at times get Indian drugs cheaper than Indian factories. There are cases in which Indian manufacturers have found it profitable to reimport Indian drugs once exported to foreign countries. The prices are too low in the areas which grow these raw drugs but the incidence of Railway freight makes the price prohibitive. Moreover, the Railway freights on manufactured medicines are very high. They are charged at R. R. 8, no distinction being made between the indigenous and the imported medicines. The Committee would point out that the Railway Rates Advisory Committee which examined the question in the years 1927, 1928 and 1929, arrived at the conclusion that "the existing rates for indigenous medicines were unreasonable, especially in the case of long distance traffic." The Committee would emphasise that uniformity in rates is desirable and the rate should be fixed at R. R. 2.

Apart from the above handicaps which tend to enhance the cost of indigenous drugs as compared to imported ones, there are certain other peculiar disadvantages which the former suffer from. One striking example is the provincial barriers of excise against the free movement of indigenous drugs from one part of the country to the other, though foreign manufactured drugs when they once enter the country are allowed absolutely free movement.

The Committee are aware that the Government of India called an Excise Conference last year to discuss this question of inter-provincial Excise barriers and they are awaiting to know the result. The Committee would also point out that Excise Duty on spirituous

medicines is very high and that it should be either entirely abolished or at least reduced to not more than Rs 5 per proof gallon.

The problem of preventing the sale of adulterated drugs is also an important one. The Committee have already expressed their opinion at length on this question in connection with the Bill which the Government of India introduced in the last session of the Assembly. In their opinion a comprehensive measure including both indigenous and imported drugs should be brought forward by the Government.

The committee would also suggest that now, that drugs and medicines of standard quality and strength are being manufactured in the country, Government Hospitals and Dispensaries and other organisations should patronise them. The committee would also refer to the recommendations of the Drugs Enquiry Committee to the effect that the manufacturing activities of the Government should cease. They are emphatically of opinion that Government should not compete with private concerns.

The Committee, therefore, urge that in view of the growing importance of the Chemical and Pharmaceutical Industries in India, every assistance should be extended to it to give an impetus to its development. They trust that the Government would give a careful consideration to the above suggestions and advise them as to the steps which the Government propose to take in the matter.

Copy of letter No. 412-T(1)/37 dated the 9th September, 1938

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—Pharmaceutical Industry in India.

I am directed to refer to your letter No. 01430, dated the 16th July, 1938, addressed to the Secretary to the Government of India in the Finance Department, on the above subject, and to make the following observations on the questions raised by the Indian Drug Industry.

2. *Import duty on raw drugs.*—This question was considered at the time of the examination of the recommendations of the Drugs

Enquiry Committee, and the Government of India came to the conclusion that it would not be feasible to arrive at a workable definition of crude drugs as many substances (e.g., camphor) used in the manufacture of medicines are also used for other purposes. The Indian Pharmaceutical Industry, however, obtained a certain measure of assistance through the raising in the revenue import duty on medicines from 15 per cent *ad valorem* to 30 per cent standard and 20 per cent preferential. It will be observed that the increase in the standard rate has actually been higher than that which was recommended by the Drugs Enquiry Committee on protective grounds.

3. *Drug contents in imported medicines containing spirits not bearing any duty.*—The Government of India consider that there is no ground for complaint in this respect. The alleged handicap to the Indian industry is abundantly outweighed by the advantage which that Industry enjoys in paying spirit excise duty at Rs. 5 per gallon as against the Customs Spirit duties of Rs. 26 and Rs. 29 per gallon. Further, under the proviso to item 22(5) of the Indian Import Tariff Schedule, all medicinal preparations containing spirit are subject to a minimum duty at the normal *ad valorem* rates of 30 per cent standard or 20 per cent preferential. The *ad valorem* rates operate in cases where either the spirit contents are small or where the drug contents (or the mixture) as a whole are expensive.

I am to add that, while import duty is not separately charged on bottles, corks etc., the cost of containers and packing is undoubtedly included in the total landed cost of medicine.

4. *Railway freights on drugs.*—The question of the classification of drugs for this purpose has been receiving the attention of the Indian Railway Conference Association, and the relevant entries for "Drugs, country" and "Drugs, imported" will be revised as follows:—

	Classification	Pie per maund per mile
Drugs, crude or raw	4 Railway	(0.62)
As under—Aboobeer, etc.	Risk	
Drugs, crude or raw, N.O.C.	4 Railway Risk	(0.62)
Drugs, manufactured, N.O.C.	8 Railway Risk	(1.04)

As a result of this revision the differentiation between imported and country drugs in their crude or raw state will disappear

5, Replies on other points will, in due course, be sent by the Departments concerned.

Copy of letter No. 470-E.O./39 dated 7th October, 1938.

*From the Government of India, Finance Department (Central
Revenues), to the Chamber.*

*Excise Conference, November 1937—Results of—Reduction in
excise duty on spirituous medicines—Suggestions regarding*

With reference to paragraphs 5 and 6 of your letter No. 3691B/19/7, dated the 16th July, 1938 to the Secretary, Finance Department on the above subject, I am directed to say that an account of the decisions reached at the Excise Conference will be found contained in a pamphlet entitled "Excise Conference—Summary of proceedings—New Delhi, 8th to 10th November, 1937," copies of which are available with the Manager of Publications, Delhi at annas 12 per copy, and to suggest that all your suggestions on the subject should in future be addressed to local authorities concerned.

TRADE FIGURES REGARDING JUTE AND COTTON IN THE INDIAN
TRADE JOURNAL.

Letter No. 00286 dated 14th February, 1938.

*From the Chamber to the Director General of Commercial Intelligence
and Statistics, Calcutta*

I am directed to refer to the Statistics of raw jute and cotton given every week in the Indian Trade Journals under the section "Prices and Trade movements." Figures of arrival of cotton for the week are given in tons whereas figures for the period of the year covered are given in bales. Similar is the case with regard to raw jute under the prices and trade movements section where certain figures are given in bales and others in tons.

The Committee are not aware of the reasons why the figures relating to same commodity are given at different places in different denominations, except that these figures are received in such form from the sources. You will however, realise that it would be desirable that the figures relating to the same commodity be given in one denomination so that comparison may be facilitated.

The Committee would, therefore, suggest that the figures mentioned above be given in the Trade Journal in bales at all places and not in tons. The Committee hope that their suggestion will receive careful consideration.

Copy of letter No. 5056-Q dated the 1st April, 1938.

*From the Director General of Commercial Intelligence and Statistics,
Calcutta, to the Chamber.*

TRADE FIGURES REGARDING JUTE AND COTTON IN THE INDIAN
TRADE JOURNAL.

In continuation of my letter No. 3275 dated the 2nd March, 1938 on the above subject, I write to say that trade figures of raw cotton and jute published in the "Prices and Trade Movements" section of the Indian Trade Journal will be shown in bales of 400 lbs. each from April next.

DIFFICULTIES OF INDIAN TRADERS IN AFGHANISTAN.

Letter No. 00570 dated 15th March, 1938.

From the Chamber to the Government of India, Commerce Department.

The attention of the Committee of the Indian Chamber of Commerce has been drawn to the serious setback to Indian trade resulting from measures taken recently by the Government of Afghanistan.

Before the Indo-Afghan War in 1919, trade between India and Afghanistan was absolutely "free" and no civil disability attached to the nationals of one country in the other. In 1921-22 the system of 'Customs Drawback' was introduced by which Afghan subjects were given the right to take goods, imported from foreign countries, across India and get a refund of the customs duty paid at the Port when the goods crossed the Indian border into Afghanistan. The result obviously was that Afghanistan began to indent goods directly from abroad and Peshawar, which had hitherto been a great distributing centre for goods going to Afghanistan, received its first shock. This system of customs drawback not only took away considerable amount of trade from the hands of Indian traders on this side of the border but also gave an impetus to Afghanistan to import foreign commodities in competition with, and in preference to, Indian goods. The rates policy of the Indian Railways was also such as to accentuate this process of elimination of Indian goods from the Afghan market since it permitted, and still permits, a considerable amount of rebate on goods carried from the Ports of Karachi and Bombay to Afghanistan.

Although these handicaps affected the Indian interests very adversely and a large volume of trade passed out of the hands of the Indian merchants in the Frontier Province, it was only recently that organised steps began to be taken by the Government of Afghanistan to create monopolies in one trade after another in respect of both imports and exports. The Committee understand that in 1933, a large Joint Stock Company was set up in Afghanistan which for the first time was granted the sole monopoly to import sugar, cement, petrol and motor cars. Two years later, the Afghan National Bank was given full control over the currency and exchange of the country and by the same decree all "Kharjias" i.e., foreigners were forbidden to deal in certain articles. Thus, although, so far as the import trade into Afghanistan was concerned, it was more or less completely taken out of the hands of Indians, there was still one lucrative line of business in which they had considerable share namely, the import of dry fruits from Afghanistan into India. There were numerous Indian merchants who acted as middlemen and distributed Afghan Dry Fruits amongst various business firms in different parts of the country. It is only very recently, however, that a decree was passed by the Afghan Government whereby the complete monopoly of the export of dry fruits into India was placed in the hands of a newly formed company styled "Sharkate Samar" i.e., the Afghan Dry Fruit Company.

It will thus be seen that the history of the past two decades has been one of progressive and continuous handicaps being placed in the way of Indian traders having business relations with Afghanistan with the result that to-day almost the entire import and export trade between the two countries has become a monopoly of Afghan Nationals from which Indians have been eliminated. The Committee are surprised that the Government of India should have looked upon this continuous and organised drive against Indian traders without raising any protest. It is estimated that as a result of this organised driving out of Indians from Afghan trade, they have directly suffered to the extent of crores of rupees apart from the wider repercussions of such a huge loss of trade and business.

The Committee further understand that recently certain irksome restrictions and civil disabilities have been imposed upon Indian nationals in Afghanistan. It is reported that not only Indians cannot acquire any immovable property in Afghanistan but that there are also restrictions on the period for which they can stay in that country. For example, the Committee are given to understand that Indian visitors to Afghanistan are allowed to stay there for fifteen

days only and should any one desire to prolong his stay, he has to obtain special permission from the foreign minister and has to take up a special license if he intends to make a longer stay for business purposes. The Committee further understand that an Indian trader intending to leave Afghanistan has to find an Afghan surety to vouchsafe that he does not owe any debt in the country. It is further reported that various other irksome restrictions are also imposed on Indians visiting and intending to trade in Afghanistan about residence, heavy security deposits etc. The most important point, however, which the Committee would like to bring to the notice of the Government is that, so far as they understand, these disabilities are not imposed on other foreigners residing in or trading with Afghanistan. The Committee very much regret that such unwarranted discrimination against Indian nationals should be allowed to be perpetrated when Afghan nationals visiting or trading in this country are not subjected to any such restrictions. The Committee earnestly hope that the Government of India will make a thorough and complete enquiry into the above grievances and allegations and take early steps to see that Indian nationals are not subjected to this kind of unfair and discriminatory treatment. The question of the protection of Indian trade with Afghanistan also requires careful consideration by the Government. As pointed above, Indian trade has already considerably suffered as a result of the recent measures of the Afghan Government in creating monopolies. The Committee understand that the Government of the Northwest Frontier Province is taking steps to encourage the dry fruit Industry in that province and the latest action of the Government of Afghanistan in forming a monopoly company for the export of dry fruits to India is also likely to be a serious handicap in the way of such development. The Committee trust that the matter will receive an early and serious consideration of the Government.

Letter No. 01693 dated 25th August, 1938.

From the Chamber to the Government of India, Department of Commerce.

The attention of the Committee of this Chamber has been drawn to certain regulations recently promulgated by the Afghan Government regarding Control of Foreign Exchange in Afghanistan. The Committee understand that every foreigner entering Afghanistan is required to show to the Frontier Customs Official the amount of

foreign exchange with him. A certificate is then granted to the visitor and on the strength of the same he is entitled at the time of leaving Afghanistan to take with him without a special permit foreign exchange equal to that entered in the certificate. The Committee also learn that the export of gold, silver and Afghani notes from Afghanistan is strictly prohibited except under the special decree and permit of the Afghan Cabinet.

The Committee submit that these regulations are likely to prove prejudicial to the large number of Indian merchants carrying on trading activities in or with Afghanistan. The Committee would refer here to the representation they made to the Government of India on the 15th March, 1938, in which they had pointed out that the history of the past two decades had been one of progressive and continuous handicaps being placed in the way of Indian traders having business relations with Afghanistan with the result that to-day almost the entire import and export trade between the two countries had become the monopoly of Afghan nationals from which Indians had been eliminated. The Committee need hardly point out that these exchange restrictions now announced would further enhance the difficulties of the Indian traders.

The Committee would here draw the attention of the Government to the fact that there is a large number of Afghan subjects residing in India carrying on their trade and business in various parts of the country. The Government of India have imposed no restrictions on these foreigners and they are allowed to carry on their business without any restriction. It is, therefore, unfair that Indians carrying on legitimate trade activities with Afghanistan should be subjected to such irksome restrictions.

The Committee would, therefore, urge the Government of India to negotiate with the Afghan Government in this matter at an early date in order to get such restrictions removed, drawing particular attention of the latter to the fact that Afghan subjects trading in India are free from all restrictions. The Committee trust that the matter will receive early attention of the Government.

BAYCOTT OF ZANZIBAR CLOVES.

Letter No. 272 dated 8th February, 1938.

From the Chamber to the Calcutta Kirana Merchants Association.

The Committee of the Chamber understand that a consignment of about 300 bags of cloves has arrived in Calcutta from Zanzibar in the name of some European firm. You are no doubt aware of the unfortunate situation in which our countrymen in Zanzibar dealing in cloves have recently been placed as a result of certain legislative measures controlling the export trade of cloves. In view of this development Indian importers at almost all the important ports have decided to boycott the import of cloves from Zanzibar for the present and I understand that a similar decision has been taken by your Association.

It is learnt however, that certain Indian firms are negotiating to take delivery of the present consignment which has arrived in Calcutta. You must be aware that similar consignments booked to Bombay and Madras were refused by the local dealers. I am desired by the Committee to invite your urgent attention to the matter and to request you to kindly put yourself in touch with the local importers and dealers and to advise them about the desirability of sticking to the decision already arrived at and not to take delivery of the consignment which has been refused by their competitors in Bombay and Madras. I hope you will kindly take immediate action in the matter.

THE DECISION OF THE JAPAN COTTON SPINNERS' ASSOCIATION TO
ISSUE PERMITS FOR OUTSTANDING CONTRACTS OF COTTON
AT ARBITRARY PRICES.

Letter No. 00210 dated 27th January, 1938.

*From the Chamber to the Government of India, Department of
Commerce.*

I beg to confirm having sent to you the following telegram yesterday.

"Committee Indian Chamber of Commerce Calcutta understand Japan Cotton Spinners Association resolved issue permits for outstanding contracts made during 1937 by instalments and fixed arbitrary

prices for cotton at current market rates though original contract prices were ten to thirty percent higher stop Committee strongly protest against such practice of not issuing remittance permit at contracted prices stop Indian Shippers greatly perturbed committee urge Government intervene prevent such violation of trade obligations."

The Japan Cotton Spinners Association has fixed a price of Bengal Cotton at 37 Yen and of Akola cotton at 42 Yen which are ten to 30 per cent lower than the contract price. The Committee need not emphasize that remittance permits should be issued at the prices contracted and they trust that the Government of India. will take immediate action to help Indian exporters against such violations of trade obligations.

Copy of letter No. 341-T(1)/38 dated the 29th January, 1938.

From the Government of India, Department of Commerce, to the East India Cotton Association, Bombay copy forwarded to the Chamber.

With reference to your telegram dated the 24th January, 1938, I am directed to say that details regarding cotton contract prices dispute have been called for from the Indian Government Trade Commissioner Japan. A copy of his telegram in reply, which has already been made available to the Press, is sent herewith.

(Enclosure to the above letter).

Copy of a telegram from the Indian Government Trade Commissioner, Japan, to the Secretary to the Government of India, Department of Commerce, New Delhi.

Indian cotton exporters were informed by their buyers under instruction from cotton import control association that for cotton to be shipped under 1937 contracts exchange permit will issue at current market rates and difference between market rates and contract price allowed remittance at some future date when exchange available. Indian exporters became alarmed as no definite guarantee for remittance of difference was forthcoming. Deputation in Tokyo last Tuesday. They have been assured that provided sale transaction is proved bonafide exporters may ship not actual quantity shown in permit but even less if permit amount falls short of contracted price.

Assurance satisfactory though apprehension based on past experience exists as to what evidence will be considered adequate by authorities. It has been Explained that payment at market rates was decided by authorities as it was feared that higher prices may be fictitious and used as device for transference of funds abroad in contravention of exchange control law.

UNFAIR COMPETITION IN THE MATCH INDUSTRY

Letter No. 676 dated 25th March, 1938.

From the Chamber to the Government of India, Department of Industries.

SUBJECT:—Unfair competition in the Match Industry.

I am directed to invite reference to the correspondence on the above subject resting with your letter No. 1281 of the 23rd July 1937 in which you had mentioned that the matter was "still under the consideration of the Central Government." The Committee very much regret to note that in an important matter like the one under reference, the Government of India have not been able to come to any definite decision even after the lapse of such a long time. The Committee need hardly point out that it was as far back as 1935 that they had raised this question of unfair competition by the Foreign Match concerns established in India in order to drive out the smaller Indian Factories. On being asked by the Government to substantiate the alleged unfair competition by facts, the Committee again wrote to the Government in August, 1936, giving available facts and figures which proved that the Western India Match Company and the Calcutta Match works were using their large financial resources to extend their share of the Indian market by means of unfair competition to the detriment of the Indian Manufacturers. After a few months the Government conveyed to the Chamber certain proposals of those two foreign concerns concluded according to them to stop internal competition. To this the Committee replied a year ago in April last pointing out the inadequacy of the proposals put forward by the Western India Match Company and the Calcutta Match Works and suggesting a more comprehensive agreement between the Match Factories if unfair competition was to be avoided. The Committee, however, deplore the fact that they have not heard anything so far from the Government in reply to these counter proposals except that

the matter was under consideration. The Committee are at a loss to understand why the Government of India have not taken any decisive step so far in the matter which concerns the very existence of a large number of factories on this side. The Committee are given to understand that while the matter is thus being delayed, as many as 17 Indian Factories have already had to close down owing to this unfair competition. The Committee are afraid that if this state of affairs is allowed to continue all the Indian Factories which cannot bear comparison as regards financial and other resources with the foreign factories in the trade and cannot withstand their competition will disappear. The Committee deplore the apathetic attitude of the Government of India in this matter all the more because the possibility of unfair competition from powerful foreign concerns has been a constant and instant menace all the time and the Government of India must have been fully aware of this fact. Even in 1928, the Indian Tariff Board in the course of its Report on the grant of protection to the Match Industry had drawn attention to this possibility and stated that "in the event of the company (meaning the Western India Match Company) using its large financial resources to attempt to extend its present share of the Indian Market by means of unfair competition to the detriment of the Indian manufacturers we recommend that the Government should be prepared to take such steps as may be necessary to safeguard the Indian Industry." The Committee need hardly emphasize the necessity of the Government taking immediate action in the matter and instituting a thorough enquiry into the working of the foreign concerns mentioned above and to adopt suitable measures to save the Indian concerns from being wiped out.

Apart from the facts conveyed to the Government in my letter of the 14th August, 1936, the Committee further understand that the sale of 40 sticks per gross have also been considerably reduced by the Western India Match Company so much so that they appear to be even lower than the competitive sale prices of Indian Factories for the same class of sticks. As the Committee have already pointed out, it is for the Government of India to institute a thorough enquiry into the matter particularly because the Committee are not in a position to get authoritative figures of the cost of production of the non-Indian Factories. The Committee, therefore, strongly urge the Government of India not to delay the action any further but to take immediate steps in order to save the remaining Indian Factories from being ruined.

DIFFICULTIES EXPERIENCED ABOUT EXPORT OF SAFETY MATCHES TO
NEPAL.

Letter No. 01540 dated 1st August, 1938.

*From the Chamber to the Government of India, Department of
Commerce.*

The attention of the Committee of this Chamber has been drawn to the difficulties about excise duty experienced by Match Manufacturers exporting matches to Nepal. The Committee understand that the system till now was that no excise duty or Deposit was required to be paid in India for cases of matches exported to Nepal but that a certificate about payment of octroi duty in Nepal produced within a month of export was considered sufficient evidence of export outside the country and duty was recovered in India only if such proof was not forthcoming. This system, it seems, has now been altered and exporters are required to deposit a sum equivalent to the excise duty and the same is refunded when it is proved to the satisfaction of the authorities concerned that the cases of matches have been exported.

Moreover, the Committee understand that refunds sometimes take as many as six to eight months to be made and the match manufacturers who can hardly afford to keep so much money blocked up by way of deposits for such a long time are put to much inconvenience thereby. The interest on the sum often exceeds the amount of profit the manufacturers expect from the export transaction.

The Committee would point out that the result of this alteration in the system of recovering excise duty has been that Indian match manufacturers who have got limited means have to stop exporting matches to Nepal, while foreign match manufacturers established in India are able to continue this business on account of the vast resources at their command.

The Committee would, therefore, urge that the system existing till now of not demanding any duty or deposit but requiring the exporter to produce a certificate about the payment of octroi duty in Nepal should be reintroduced. In view of the handicap the Indian match manufacturers have to suffer on account of the alteration in the system followed till now, the Committee hope the Government of India will take steps to see that the new system is discontinued at an early date.

Copy of letter No. 283-C. Exc./38 dated the 31st August, 1938.

From the Central Board of Revenue, to the Chamber.

Matches, made in India—Export to Nepal Nature of evidence
of export.

With reference to your letter dated the 1st August, 1938, to the Secretary to the Government of India in the Department of Commerce, I am directed to state that the question of what evidence should be accepted as satisfactory for the purposes of clause 31 of the Northern India Matches (Excise Duty) Supplementary Order, 1938, is under the consideration of the Government of India and that their orders will issue in due course.

AMENDMENT TO THE NORTHERN INDIA SUGAR AND MATCHES
(EXCISE DUTY) ORDER 1938.

Letter No. 02067 dated the 30th September, 1938.

*From the Chamber to the Government of India, Finance Department
(Central Revenues).*

I am directed to invite reference to the Government of India, Finance Department Notifications Nos. 62 and 63 dated the 10th September, 1938 proposing amendments to the Northern India Sugar Excise Duty Order 1938 and the Northern India Matches (Excise Duty) Order 1938. The amendments provide for the arrest of any person against whom a suspicion may exist that he has been guilty of an offence under the Sugar Excise Duty Act or order or the Matches Excise Duty Order 1938 by any officer of the Central Excises and Salt Department, Northern India, not below the rank of an inspector. The Committee may point out that the powers proposed to be vested in the officers of the excise department are unduly large. In the opinion of the Committee of this Chamber such powers authorising the officers of the department to arrest persons merely on suspicion are absolutely unwarranted and the Committee feel there is a danger of these powers being misused to the annoyance and inconvenience of bonafide persons. The Committee believe that the authorities concerned should be only empowered to launch proceedings before a Magistrate who may issue summons against the suspected person. They do not see any reasons for providing for immediate

arrest of such person only on suspicion without reference to any court of law.

The Committee, therefore, strongly protest against the amendments and would request the Government to reconsider the same. The Committee would also like to point out here that in such matters directly affecting particular industrial interests it would be desirable if the interests concerned are consulted before rules are finally made. The Committee trust the matter will receive your careful attention.

Copy of letter No. 212-C. Exc./38 dated the 14th November, 1938.

From the Government of India, Finance Department (Central Revenues) New Delhi, to the Chamber.

RE:—Notifications No. 62-C.Exc., and No. 63—C.Exc. dated the 10th September 1938—Complaint against.

With reference to your letter No. 02067 dated the 30th September 1938, I am directed to state that the Government of India regret that they are unable to accept the suggestion made therein.

Letter No. 02510 dated the 6th December, 1938.

From the Chamber to the Federation.

I am enclosing herewith a copy of the letter dated 30th September 1938 addressed by this Chamber to the Government of India regarding the Finance Department Notifications No. 62 and 63 dated the 10th September 1938 proposing amendments to the Northern India Sugar (Excise Duty) Order, 1938 and the Northern India Matches (Excise Duty) Order, 1938. A copy of the reply received from the Government is also enclosed herewith. As the Committee of this Chamber feel that such powers authorising the officers of the Excise Department to arrest persons merely on suspicion are absolutely unwarranted and will be misused to the annoyance and inconvenience of bonafide persons, I have to request you to kindly place this matter before the Committee of the Federation for taking it up further with the Government of India.

HOLIDAYS TO THE EXCISE STAFF POSTED AT MATCH FACTORIES.

*Letter No. 02524 dated 7th December, 1938.**From the Chamber to the Deputy Commissioner, Central Excises and
Salt, Northern India.*

The attention of the Committee of the Chamber has been drawn to your Circular No. C. No. 170-Et/38 dated the 27th October, 1938 issued to Match Factories regarding holidays to the Excise Staff posted at the Factories. The Committee note that it is proposed that no excise staff will be posted at the Match Factories on holidays declared as such under the Negotiable Instruments Act and on all Sundays and that the normal arrangements for excise supervision on these days will not be made. It is further proposed that if special circumstances should arise under which factories wish to work on any of these days, a requisition for staff should be made to the Assistant Commissioner concerned at least 4 days before the holiday in question. In addition to the above, members of different denominations in the Excise Staff are also proposed to be given special holidays of their denomination.

The Committee would point out that such a proposal will result in great hardship to the match industry as each factory will have to be closed for about three months in the year on account of these holidays. The Committee need hardly state that the uneconomic level of production in the match industry has already led to the closing up of a number of Indian Match Factories and such a proposal, they believe, will, by reducing the output, make it extremely difficult for the other manufactureres to keep up owing to the low margin of profit. Moreover, the factories have already to comply with the requirements of the Indian Factories Act, 1934, and the Rules made thereunder by the various provinces and the Committee do not see why the holidays under the Negotiable Instrument Act should thus for all practical purposes be enforced in addition. The Committee note that a right is proposed to be given to the factories desirous of working on these days to ask for special arrangements to be made for such days, but the Committee do not appreciate why such additional restriction should at all be placed. The Committee may also point out that with the output of the industry reduced the excise duty recovered by the Government upon the same will also be correspondingly reduced.

The Committee find it difficult to appreciate the purpose underlying this proposal of holidays for Excise Staff and in view of the industrial conditions prevailing in the match industry, they would request you to kindly see that the proposal is not given effect to.

Copy of letter No. 170-Et/38 dated the 9th December, 1938.

From the Department of Central Excises and Salt, to the Chamber.

SUBJECT:—Establishment Staff posted to Match & sugar Factories—Holidays—Grant of—

I have the honour to refer to your letter No. 02524 dated the 7th December, 1938.

2. It appears from your letter that the intention of the draft Circular, which I have forwarded to Match factories for opinion, has not been fully understood. It was not my intention to impose additional holidays, under the Negotiable Instruments Act, as notified by the Local Governments, upon holidays already allowed to their staff, by factories under the Indian Factory Act. The real intention of my Circular was to arrive at a *modus vivendi* as between the holidays admissible to Government servants under the Rules, and the holidays granted to their staff by factories under the Indian Factories Act. Instances have been brought to my notice since the Central Excise Department came into being where Excise Officers and staff posted to Match factories never had any holidays at all, since even on the days when the factory was closed, it was necessary for Excise Staff to attend for such operations as cleaning of machinery where excisable matches were in the open factory.

3. From replies which I have received upto the present from factories, it is evident that such a *modus vivendi* can easily be reached which will attain the double object of not interfering with the work of factories or reducing their output, and at the same time of avoiding the imposition of an undue strain on Excise officers, by depriving them of proper opportunities for leisure.

4. When all replies have been received by me from factories which I have addressed in the Eastern Charge, I propose to place my conclusions before the Commissioner, Central Excises and Salt, Northern India, Delhi, in order that he may examine whether my

final proposals can be applied to the Western Charge in addition to my own. In other words, before a final decision is reached, a most careful consideration will be given to all aspects of the problem and I trust that this decision will be acceptable to the Matches Industry, generally.

Letter No. 79 dated the 18th January, 1939.

From the Chamber to the Deputy Commissioner, Central Excises and Salt, (Northern India).

I am directed to invite reference to your letter No. 179-ET/38 dated the 9th December, 1938 regarding grant of holidays to the Excise Staff posted at the Match and Sugar Factories. The Committee note that it is not intended to impose any holidays under the Negotiable Instruments Act in addition to the holidays already allowed to the staff by the Factories under the Factories Act. The Committee appreciate that in the instances referred to by you where excise officers and staff posted at the match factories had no holidays at all it is necessary to arrange for certain holidays to be granted to them. While the Committee have no objection to the excise staff having more holidays, what they would like to make clear is that suitable arrangements should be made by posting substitute excise staff or in any other manner without any extra expenditure to the Match Factories to see that they may not have to close down on those days in addition to the holidays which they are observing under the Factories Act.

Copy of letter No. 170-Et/38/1125 dated the 23rd January, 1939.

From the Department of Central Excises and Salt, Northern India, to the Chamber.

SUBJECT:—Establishment Staff posted to match and sugar factories—
Holidays for Grant of—

I have the honour to refer to your letter No. 00079 dated the 18th January, 1939.

2. The factories have been asked to inform me of the holidays they observe under the Factories Act.

3. On receipt of replies an endeavour will be made to meet the requirement that factories should not be compelled to close on holidays other than holidays under the Factories Act.

CLAUSE 43 OF THE NORTHERN INDIA (EXCISE DUTY)
SUPPLIMENTARY ORDER 1938.

Letter No. 00099 dated the 19th January, 1939.

From the Chamber to the Central Board of Revenue.

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by match factories on account of Clause 43 of the Northern India (Excise Duty) Supplementary Order 1938. This clause prohibits the removal of matches from the precincts of the factory in any manner contrary to the procedure laid down by the Order and further provides that if any matches are removed by any employee of the factory in contravention of the conditions prescribed in the Order, the licensee shall be held responsible for such removal and be liable to be dealt with according to the provisions of the Matches Excise Duty Act, 1934. The Committee believe that such a provision making the employer liable even for a small act of theft committed by his employee is very harsh and causes much annoyance to employers. As you will perceive every employer is naturally anxious to see that his goods are not stolen away either by the employees or any outsider and takes precaution for the same. Still small thefts may occur and very often the factory owner cannot take any effective steps to prevent such cases as he is prohibited under various factory legislations to impose fine or make deductions from the wages of the workmen. The alternative course he can take is to dismiss certain employees on suspicion but this he is naturally reluctant to do in view of the necessity of maintaining a trained staff for the factory and from the fear of some labour trouble developing out of such incident. The employer has therefore to face himself the penal provisions of the Act for a small act of theft committed by his workmen.

The Committee appreciate that it is necessary to make some provision for preventing the illegal removal of matches from the limits of the factory, but they believe that to fix the vicarious liability on the employer to achieve this aim is not reasonable.

The Committee would therefore request you to kindly take early steps for the necessary amendment of Clause 43 of the Order with a view to exempt the employer from any liability of an act done by his employee in contravention to the provisions of the Supplementary Order. The Committee need hardly assure you that the factories are always ready to co-operate with the department in finding out the culprit and to take effective measures to prevent the recurrence of this act.

The Committee trust the matter will receive your careful consideration.

WORKING OF MATCH FACTORIES IN DOUBLE SHIFTS—GRANTING OF
BANDEROLSON CREDIT—SAMPLING FOR ASSESSMENT OF DUTY.

Letter No. 2469 dated the 29th November, 1938.

*From the Chamber to the Commissioner, Central Excises and Salt,
Northern India.*

The attention of the Committee of this Chamber has been drawn to the correspondence which the Pioneer Match Factory, Dum Dum, a member of the Chamber, had with the Excise Department regarding permission to work the Factory day and night in double shifts. The Pioneer Match Factory is one of the oldest Indian match factories on this side and pays about 4 to 5 lacs rupees annually to the Government by way of excise duty. The Committee understand that this factory applied to the Excise Department in July last for permission to work their factory day and night in double shifts. In reply they were informed by the Department that they will have to pay for the staff in case the factory was worked in double shifts. This being an undue demand, the Pioneer Match Factory wrote to the Commissioner of Excises and Salt, Delhi, protesting against the same and inquiring as to under what rule the department was entitled to ask for the extra payment to the staff. They further contended that several times previously the factory had worked double shifts both day and night but at no time had they been asked to pay for the staff. According to them, if the factory produced more, the income of the Government would also be proportionately enhanced and there was no justification for demanding extra payment for the staff. The Committee are constrained to point out that the request of the Pioneer

Match Factory was turned down by the Excise Department while a similar permission was granted to the Western India Match Factory.

When the attention of the Deputy Commissioner, Central Excises and Salt (Northern India) was drawn to the fact, he only expressed his unwillingness to discuss the arrangement made with other factories. The Committee would emphasise that all factories are entitled to get similar facilities from Government and if the request of a particular concern in any matter is turned down when a similar request has been granted in the case of another concern the former is at least entitled to know the grounds for the differential treatment. It was stated by your Department that in dealing with an application to work night-shift in a match factory it was necessary for the Central Excise Department to be satisfied that "there was a genuine need for overtime working, that there was no danger of revenue in permitting such working and that there would be no avoidable extra cost to the Government.

The Department further referred to the plan of the situation of the factory and stated that they could not accept the application for double shift working since it was probable, according to them that revenue would be endangered by permitting night work. It is very difficult to make out as to in what manner the revenue of the Government was in danger. Even if smuggling of matches without payment of duty was what the Department had in mind, it will be noticed that the situation of the Pioneer Factory in no way differed from the "Wimco" factory which has been allowed to work double shift. As the Pioneer Match Factory pointed out, their factory was bounded on three sides by pucca built brick walls and on the one side of it there was a shallow lake full of water throughout the whole year. On that side also the area of the factory was bound with wire fencing. It is further pointed out that the Factory of the Western India Match Company had also a boundary-wall only on three sides and was open on the fourth side—i.e., the river side without having even a wire fencing. Moreover, they maintained that the Excise Inspector was always at the Factory with his guards and there could possibly be no danger to Government Revenue in any way, as there was no difference in this respect between day and night working. The Committee regret to point out that even though the Pioneer Match Factory offered to pay the extra charges for night working, if the same were paid by the Western India Match Company, the permission to work double shifts day and night has not been granted to them.

The Committee need hardly point out that as the various match manufacturing concerns are competitors in the same field, any facility enjoyed by one and denied to the other operates very unfavourably against the latter. The Committee trust that you will go into the matter carefully and see that no injustice is done in the matter.

Letter No. 2488 dated the 29th November, 1938.

*From the Chamber to the Commissioner, Central Excises and Salt,
Northern India.*

RE:—Granting of Banderols on credit.

The attention of the Committee of this Chamber has been drawn to the correspondence which Messrs. Pioneer Match Factory, Dum Dum, had with the Excise Department some time back on the above subject. The Pioneer Match Factory which is a member of the Chamber is a long-established concern and pays a large sum amounting it is understood to about Rs. 4 to 5 lacs annually to the Government by way of Excise Duty. It appears that this Factory approached the Excise Department in April last to grant them the facility of having banderols, to be affixed to match boxes as evidence of payment of Excise Duty, on credit. At first there was no reply forthcoming from the Department and the Pioneer Match Factory again wrote to the Commissioner Excises and Salt, on the 12th July, 1938 in the matter. The Commissioner replied stating that the Deputy Commissioner did not recommend the supply of banderols on credit to the factory. The Pioneer Match Factory, thereupon, further wrote to the Commissioner pointing out that they should be given an opportunity to meet any objections which the Department might have considered in refusing to extend the facility to them. They also pointed out that the Western India Match Factory and certain other factories also which were smaller and of recent growth were getting banderols on credit and they saw no reason why a similar facility should not be granted to them. The Commissioner again replied that the Deputy Commissioner was of the opinion that the application could not be granted with due regard to the safety of revenue.

The Committee of this Chamber have not been able to appreciate the reason given above against granting the facility of giving banderols on credit to the Pioneer Match Factory, particularly in the absence

of any arguments to show as to how Government Revenue is in danger in this particular case as a similar facility has been extended to other factories. The Factory has been paying Excise Duty regularly to the tune of lacs of rupees annually for several years. Moreover, even banderols issued on credit have to be accounted and paid for. The Committee would, therefore, urge for a reconsideration of the matter and for seeing that no injustice is done to a long-established concern.

Letter No. 2470 dated the 29th November, 1938.

*Form the Chamber to the Commissioner, Central Excises and Salt,
(Northern India).*

I am directed to refer to Rule 39 of the Northern India Matches (Excise Duty) Order, 1938, regarding sampling for the assessment of duty in cases of doubt as to the average number of matches contained in each box. The rule authorises the Assistant Commissioner "or any officer not below the rank of Deputy Superintendent specially deputed by him for the purpose" to carry out the sampling "after giving notice of his intention to the owner of the factory.

The attention of the Committee of the Chamber has been drawn in this connection to certain instances of sampling carried out at the factory of Messrs. Pioneer Match Factory, Dum Dum. The Deputy Superintendent called at the factory on the 19th September, 1938 and conducted sampling. The average, the Committee are informed, was found much below 40 sticks which is the permissible maximum in 40 sticks boxes. The Deputy Superintendent, however, again called at the Factory on the 12th October, this time, as is contended by the Pioneer Match Factory, without any previous notice. There were only 18 boxes in stock at that time and all of them had been duly packed with double paper. The Deputy Superintendent began to tear out the packing and selected the thickest boxes for sampling. The Factory Representative requested the Deputy Superintendent not to open all the boxes but only a percentage but the latter insisted on opening all. The average of the sticks this time was also found below 40 i.e., 38.50 according to the Superintendent himself.

While the Committee appreciate that the officers of the Excise Department have power to carry out sampling whenever there is any

doubt about the number of sticks contained in the match boxes, it is obvious that it is unfair to the factory to open all the boxes in stock. As you are no doubt aware, the match boxes are filled with sticks by manual labour and though the labourers are instructed to strictly observe the limit of the number of sticks in each box imposed under the Excise Rules, it is obvious that sometimes they are liable to make mistakes. As a matter of fact, the Department also realises this and that is why the average of the number of boxes examined is taken out for determining the duty. It is obviously very unfair to the manufacturer to have the packings of all boxes opened out for the purpose of sampling though no maximum limit is laid down by clause 39. The minimum of one box in every ten gross to be sampled itself gives an indication that the sampling is to be a representative and not of the entire stock which would not only involve the manufacturer in a heavy loss so far as the packing cost is concerned but would also be physically almost impossible to carry out in certain cases. The Committee trust that in view of the cases referred to above, you will kindly make the position clear and issue the necessary instructions to the staff.

The Committee also understand that the Pioneer Match Factory are already in correspondence with you with regard to certain alleged mal-treatment meted out to their representatives by the Deputy Superintendent. The Committee understand that the Factory has been threatened with cancellation of the license for having made these complaints. The Committee need hardly emphasise the necessity of meeting out just and fair treatment to the Factory representatives and not to threaten them with harassment if they seek to point out any technical defect in the working of the Rules or seek to remedy their grievances. The Committee earnestly hope that the matter will be carefully investigated.

Copy of letter No. 72-C. E./38 dated the 7th December, 1938

*From the Commissioner, Central Excises and Salt, Northern India,
to the Chamber.*

Matches—Eastern Division—The Pioneer Match Factory—Dum Dum
your letters Nos. 2468, 2469 and 2470, dated the
29th November, 1938.

I have the honour to acknowledge the receipt of your letters quoted above and to state that the questions raised are receiving my attention.

LIMITATION OF WAR RISK COVER ON CARGO IN TRANSIT.

Letter No. 00256 dated the 3rd February, 1938.

From the Chamber to The Government of India, Department of Commerce.

The attention of the Committee of this Chamber has been drawn to the Terms of an Agreement entered into at London by all Marine Underwriters by which the War Risk cover on cargo in transit has been limited to the period from the time the interest is loaded on board the Overseas vessel until such interest is discharged overside from the overseas vessel or until the expiry of 15 days from midnight of the day on which such vessel is safely anchored or moored at the final port of discharge whichever shall first occur. The Committee further understand that the Agreement in question has come into operation from the 1st February, 1938.

While the Committee appreciate that under modern conditions of warfare such a widespread destruction of property is possible that the accumulated cargo values at certain ports would create great liabilities, they have to point out that such a curtailing of the responsibility of the Underwriters for War Risk to the period for which the goods are on Board a Vessel is much against the interest of the Commercial Community. The Committee would like to state that in these days of aerial warfare, the risk is equal or perhaps greater when the goods are on shore than when the same are on board the steamer during transit. Moreover, the Shippers have paid War Risk premiums for a number of years even when there was no immediate apprehension of War and the Committee are of opinion that such an attitude of the Under Writers at present is not justified.

The Committee would, therefore, urge the Government to move in the matter and see that the Under Writers do not shake off their responsibility in such a way to the detriment of the shippers.

An early reply will oblige.

Copy of letter No. 114-M.I.(1)/38 dated the 15th June, 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—War risk insurance in Cargo.

With reference to your letter No. 00256, dated the 3rd February, 1938, on the above subject, I am directed to say that the Government

of India have no power to interfere in the matter of the terms included in insurance policies by Underwriters in the United Kingdom. They are, however, forwarding a copy of your letter to His Majesty's Government in the United Kingdom for such action as they may consider necessary.

ENQUIRY BY THE TARIFF BOARD INTO THE QUESTION OF PROTECTION
TO THE SERICULTURAL INDUSTRY IN INDIA.

Copy of letter No. 544/A dated the 24th May, 1938.

From the Tariff Board, to the Chamber.

I am directed to forward the detailed questionnaire regarding the sericultural industry.

The Tariff Board hopes that you will send a reply (with 5 spare copies) to this questionnaire as soon as possible, and in any case not later than the 23rd July, 1938.

Copy of letter No. 595 dated the 15th June, 1938.

From the Tariff Board, to the Chamber.

In connection with the enquiry into the grant of further protection to the Sericultural Industry in India, I am directed to forward herewith questionnaire for Importers and Traders. The Board hopes that you will send a reply (with 5 spare copies) to this questionnaire as soon as possible, and in any case not later than the 23rd July, 1938.

Letter No. 1484 dated the 23rd July, 1938.

From the Chamber to the Tariff Board

I am directed to invite reference to your letter No. 544A dated the 24th May, 1938 and your further communication dated the 15th June, 1938 regarding enquiry into the grant of further protection to the Sericulture Industry and give below the views of the Committee. The Committee do not propose to reply to the questionnaire item by item but would express their opinion in a general manner.

The Committee would point out that the Sericulture Industry has developed in various parts of the country principally in Bengal, Mysore, Assam and Kashmir and is essentially a rural industry. The growing of mulberry, the rearing of silk worms, the reeling of silk and the weaving of silk fabrics and other processes connected with the silk industry have an important place in the rural economy. Mulberry is an important subsidiary industry to agriculture. In Bengal before the onset of depression there were 30451 rearers and 17555 acres. There was a further fall in these figures by 1936-37 to 15180 and 9448 respectively and this occurred practically wholly in the Murshidabad district due to a number of causes. In Mysore about 54000 acres were under mulberry cultivation in 1926-27 but the acreage has fallen to one half of the same at present. About 2 lakhs of families used to find occupation in the Sericulture Industry before the present depression in the silk trade set in.

The Committee would further point out that the depression in the price of silk is one of the main reasons for the setback the industry has suffered during the past several years. The economic condition of the rearers in Bengal showed slight sign of improvement in the middle of the year 1935-36, when the price of coarse silk rose a little but this improvement was not maintained. It cannot be gainsaid that much discontent has prevailed among the silk worm rearers owing to the disparity between the selling price of the silk products and the cost of production. In Mysore also the price of filature silk varied between Rs. 9 and Rs. 10-4 per lb. in 1927 but had declined in 1933 to Rs. 5-8 to Rs. 6-8 per lb. which is below the average cost of production. In May 1938, the price has further declined to Rs. 4-8 per lb. The indigenous industry, therefore finds it extremely difficult to maintain its position.

The Committee need hardly point out that the most important factor on account of which such uneconomic prices prevailed is the competition of foreign countries. In 1931-32 raw silk worth Rs. 62,27,467 was imported into India from China and Japan. In 1937-38 the imports have increased to Rs. 94,67,262. Moreover, the import of artificial silk an indirect competition of raw silk rose from 11,00,00,00 lbs. in 1932-33 to 17,00,00,00 lbs. in 1937-38. In face of such severe foreign competition, the indigenous industry has hardly been able to subsist and the Committee believe that if unrestricted foreign competition is allowed to continue, the Indian Sericultural Industry will stand to be ruined.

The Committee would mention here that in 1933 the Tariff Board had recommended a duty of Rs. 2-6 per lb. on imported silk or an ad valorem duty of 50 per cent whichever was higher. But the protective duty which the Government levied in April 1934, was 25 per cent ad valorem plus Rs. 0-14-0 per lb. which worked out only to about Rs. 1-10 per lb. This duty clearly fell short of the recommendation of the Tariff Board. The Committee would point out that the disparity between the sale price and the cost of production could not be adjusted by the Tariff protection. The fact that the industry exists in such hard times of competition is mainly due as the Director of Industries pointed out in the Report of the Department of Industries to the profession of silk worm rearing being pursued by labour which was otherwise unproductive and would have remained unemployed.

The Committee would further point out that large improvements have been effected in the industry and the period of five years for which the protection had been granted is quite inadequate to get satisfactory returns from these improvements. Apart from the improvements in cultivation, new races of worms like the nistid and nismo have been also introduced in Bengal. The Committee are, therefore, of the opinion that sufficient time should be allowed to the industry to reap the benefits of the improvements already effected.

In view of the important place, the industry of sericulture occupies in rural economy of the country, the Committee would therefore, emphasise that the existing protection to the industry should be continued for a further period of ten years and they hope that the Board would find the suggestion acceptable.

INDO-BRITISH TRADE NEGOTIATIONS.

Letter No. 01106 dated the 6th June, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the recent conversations in Simla between the non-official Advisers to the Indian Delegation and the Lancashire Deputation with a view to arrive at an agreement satisfactory to the cotton industries of the two countries as a preliminary to the conclusion of an Indo-British Trade Agreement. It appears from the Press

Reports that the breakdown of these talks was due to the inability of the interests concerned to arrive at an agreed compromise owing to the refusal of the Lancashire Delegation to give any definite undertaking regarding purchase of cotton and owing to their insistence on the grant of a larger preference to their piecegoods than the Tariff Board could recommend or than was feasible or legitimate according to the unofficial Advisers. The Committee have to point out that while the Leader of the Lancashire Delegation made a statement before his departure from India giving the views of his Delegation regarding the failure of the two parties to come to an agreement, the Government of India have not yet considered it advisable to publish the report which the non-official Advisers submitted to them in this connection. It is essential that the public and the mercantile community in particular should be put in full possession of all the facts relating to the breakdown of the recent Simla negotiations in order to enable them to form a correct idea of the reasons of this breakdown. The Committee are not aware of the reasons which have induced the Government to withhold the publication of the report of the non-official Advisers despite the fact that, according to press reports, the non-official Advisers themselves have recommended to the Government of India that their report should be published without any delay so that the public may be placed in possession of all the facts in regard to this development of the trade negotiations. The Committee, therefore, strongly urge the Government of India to publish immediately the report together with all other relevant documents and correspondence.

The Committee note that the Hon'ble Sir Zafrulla Khan has gone to England to continue the negotiations. In view of the recent failure of talks in Simla, the Indian Commercial community are seriously concerned regarding the future course of the negotiations and feel that no commitment should be made by Sir Zafrulla Khan without prior consultation with the non-official Advisers. The Committee trust that the Government will see to it that no final decision is reached and no Agreement arrived at in London without the knowledge and consent of the non-official Advisers, whom the Government themselves have selected and who have been kept in touch and taken into confidence throughout the present negotiations. The Committee need hardly reiterate that any Agreement arrived at over the head of the non-official Advisers would not be acceptable to the Indian Public and the Indian Commercial community. The Committee would also like to emphasise in this connection that the Agreement should be subject to ratification by the Indian Legislative Assembly. The

Hon'ble Sir Mohd, Zafrulla Khan, the Commerce Member of the Government of India himself declared on the floor of the Assembly in 1936 that "while in other matters this House was suffering from a feeling of unreality, in the matter of Trade Agreement at least this House must consider itself as fully responsible." It may be contended that there is no statutory obligation on the part of the Government to do so, but without admitting the validity of such a contention, the Committee are emphatically of opinion, that it is eminently desirable that a healthy convention is built up in this connection.

The Committee would further like to draw attention to the question of the continuance of the Ottawa preferences despite the fact that notice of termination of the Ottawa Agreement was given by the Government of India to the United Kingdom in pursuance of the Resolution adopted by the Central Legislative Assembly in March 1936. The Indian Commercial community have all along taken exception to the policy of the Government in permitting the Ottawa preferences to continue even though the Agreement has been formally terminated. The Committee have no doubt that if the Government had not taken this unusual step and had terminated the preferences to the United Kingdom conceded under the Ottawa Agreement, the British interests would not have taken up such an obdurate attitude and a fresh Agreement between the two countries could have been concluded without this inordinate delay, during which period economic conditions in both the countries are also undergoing rapid transformation. It is more than two years since the Central Legislative Assembly rejected the Ottawa Pact and in view of the protracted negotiations, the Government of India should not now wait for the conclusion of a new Agreement but should forthwith cancel the preferences granted directly and indirectly under the Ottawa Agreement. It is unfair that arrangements detrimental to the economic interests of the country should have been continued by temporary executive orders for such a long time against the wishes of the Indian commercial community and the Indian public.

Copy of letter No. 20-T(28)/38 dated the 20th June, 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—Indo-British Trade Negotiations.

I am directed to refer to your letter No. 01106 dated the 6th June, 1938 and to say that the views of your Chamber have been noted by the Government of India.

Letter No. 02491 dated the 2nd December, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed to invite reference to the correspondence resting with your letter dated the 20th June, 1938 on the subject of Indo British Trade Negotiations. The Committee regret to point out that though the non-official advisers have submitted their memorandum to the government nearly two months ago, the Government neither appear to have come to any conclusion themselves nor to have considered it advisable to release the memorandum for publication. While the Committee would emphasise the necessity of an early conclusion of the Agreement, particularly because the question of concluding Agreements with other countries is held up pending the decision on this matter, they are constrained to point out that the Ottawa Preferences granted in the Indian market to British commodities still continue despite the Assembly's verdict about the immediate termination of the Agreement and the strong Indian public opinion against it. While the Ottawa Agreement which safeguards Britain's trade position has been indefinitely extended, thereby restricting India's freedom to conclude bilateral agreements with other countries, Britain itself has been free to conclude Trade Agreements irrespective of their effects on India. Close on the Ottawa Agreement, England concluded bilateral trade treaties with nearly 20 countries and even the drawbacks of the British Customs, particularly on linseed, has been used in such a manner as to neutralise and circumvent the preferences given to India. Similarly, in March last year, the British Government abolished the import duty on pig iron thus depriving India of the preference enjoyed to this extent in the United Kingdom market. The recent Anglo-American Trade Agreement which the British Government have concluded with U. S. A. also modifies the rights of the Government of India on the basis of the Ottawa Agreement and the preference given to Indian wheat in the United Kingdom Market will be removed and the preference granted to Indian rice will be reduced. It is obvious that these modifications are made irrespective of Indian interests and regardless of Indian opinion, to promote the economic interests of Britain. While British goods continue to derive the same preferences as before in the Indian market, India has been deprived gradually of some of the preferences enjoyed by her under the Agreement. On the other hand, India's bargaining power with other countries is weakened on account of the undue prolongation of the Indo-British Trade Negotiations. The Committee under-

stand that these contributions to Anglo-American Agreement on behalf of India were made with the consent or approval of the Government of India. But the Committee desire to know whether the Un-official Advisers appointed by the Government themselves in connection with the Indo-British Trade Negotiations were consulted about the withdrawal or reduction of the preferences under the Agreement. The Committee emphatically protest against such one-sided and unfair arrangements whereby while India continues to be indefinitely bound by the Ottawa Agreement, Britain is all along at liberty to effect unilateral changes in the Ottawa Agreement whenever it suits her to do so. Such relationship cannot but be prejudicial to the economic interests of India and the Committee, therefore, urge the Government to take immediate steps for the termination of the preferences granted under the Ottawa Agreement which are continued against the explicit wishes of the Indian Legislature, commercial opinion and the Indian public.

The Committee would also like to know the effects, the recent Anglo-American Trade Agreement will have upon the Indo British Trade Negotiations and whether the same have been brought to the notice of the Un-official Advisers to the Government of India.

The Committee trust the matter will receive your careful consideration.

Copy of letter No. 20-T (50)/38 dated the 17th December, 1938.

*From the Government of India, Deptt. of Commerce,
to the Chamber.*

SUBJECT:—Ottawa Trade Agreement and the Indo-British Trade Negotiations.

With reference to your letter No. 02491 dated the 2nd December, 1938 on the above subject, I am directed to enclose copies of recent questions and answers in the Legislative Assembly which deal with the chief points raised by you.

Letter No. 00090 dated the 19th January, 1939.

*From the Chamber to the Government of India, Department of
Commerce.*

I am directed to acknowledge the receipt of your letter No. 20-T(50)/38 dated the 17th December, 1938 regarding the

termination of the Ottawa Agreement and the Indo-British Trade Negotiations. The Committee have noted that the Government of India do not intend to continue the Ottawa Agreement beyond the next Budget Session of the Central Assembly.

The Committee also note the alterations made in the Ottawa Preferences as a result of the recent Anglo-American Trade Agreement. The Committee very much regret that whereas the United Kingdom has all along been taking all opportunities to increase her trade with foreign countries without being bound by the Ottawa Preferences to India, the Government of India have not only refused to take any action for safeguarding India's foreign trade in the direction of concluding trade arrangements with other countries pending the Indo-British Trade Negotiations, but have even allowed such preferences as were given to India under the Ottawa Agreement to be taken away without any corresponding benefit. It may be that the modifications made to the Ottawa Preferences on Indian wheat and rice etc., as a result of the Anglo-American Trade Treaty are only nominal but the Committee strongly object to the Government of India having agreed to any modifications during the pendency of the Indo-British Trade Negotiations without consulting at least the un-official advisers in the matter.

IMPORT DUTY ON FOREIGN—WHEAT.

Telegram dated the 8th December, 1938.

From the Chamber to the Government of India.

Reference bill imposing Import Duty on Wheat stop proposal to levy duty with immediate effect from seventh December will cause great loss to trade and dislocate business because traders made large forward contracts for Australian Wheat and Hedged Indian Wheat. Instead owing to no action having been taken by the Government on earlier representations for Levying Import Duty stop committee earnestly urge exemption of forward contracts made upto seventh December as was done on similar occasion in 1931.

COMPULSORY MARKING OF COUNT AND WEIGHT ON YARN SOLD AND
MODIFICATION IN THE EXISTING SCALE OF TOLERANCES
AND ALLOWANCES.

*Copy of letter No. 11914-20/Com dated the 2nd/27th December, 1938.
From the Government of Bengal, Department of Commerce and
Labour to the Chamber.*

I am directed to forward herewith a copy of a letter from the Government of India, Department of Commerce, No. 357(1)-Tr. (I. E. R.)/38 dated the 3rd November, 1938, with enclosures, regarding the proposed modification of the prescribed scale of allowances and tolerances for cotton yarn, and to request that this Government may be favoured with the views of your Chamber in para 4 thereof as to the modifications considered necessary in the existing stipulations and requirements in respect of variations in counts, weight by bundles, length by hanks and the number of knots per bundle for cotton yarn. I am in this connection to invite the suggestions as to the precise modifications needed in the Government of India, Home Department, Notification No. 1474 dated the 13th November 1891 (as subsequently amended), reproduced in Part II of the Merchandise Marks Manual and in rule 41 in Part III of the same Manual.

(ENCLOSURE TO THE ABOVE LETTER).

*Copy of letter No 357(1)-Tr. (I.E R)/38 dated the 3rd November,
1938.*

*From the Government of India Department of Commerce, to all
Provincial Governments and the Chief Commissioners
of Provinces (Excluding Andamans and Nicobar
Islands and Panth Piploda).*

SUBJECTS—Question of compulsory marking of count and weight on yarn sold and modification in the existing scale of tolerances and allowances in respect of counts, length of hanks, etc. of yarn.

I am directed to forward for information, copies of the letters noted in the annexed schedule on the subject mentioned above.

2. The representations made by the commercial bodies in the matter of cotton yarn raise the following two issues:—

- (i) that the count of yarn and the weight in lbs of yarn should be required to be stamped on all grey and bleached yarn bundles marketed in India (other than yarns made wholly of waste) and
- (ii) that the scale of allowances and tolerances for cotton yarn laid down in the Government of India Home Department Notification No. 1474 dated the 13th November, 1891, (reproduced in Part II of the Merchandise Marks Manual), may be modified in certain respects.

3. As regards (i), the proposal relating to the compulsory marking of count and weight on bundles of cotton yarn has already been examined by Mr. Nehru in his report on the proposal for the revision of the Merchandise Marks Law, and I am to invite your attention to paragraph 27 of the Report and clauses 8 and 9(2) of his provisional draft Bill. As Mr. Nehru's Report has been circulated to the Provincial Governments with this Department letter No. 352(1)-Tr. (I.E.R.) dated the 11th July, 1938, the Government of India have decided to await the opinions of the Provincial Governments and commercial bodies in the matter before considering what further action should be taken in this connection.

4. As regards (ii), this is a matter which is regulated by the provisions of section 16 of the Indian Merchandise Marks Act, 1889 and the Government of India consider that it may be pursued independently of the proposed general revision of the law. The scales of allowances for cotton yarns are at present laid down in respect of (a) variations in counts, (b) weight of bundles, (c) length of hanks, and (d) the number of knots per bundle. The Bombay Millowners Association have suggested certain modifications in these scales and the Indian Merchants' Chamber, Bombay, while supporting these proposals in principle have put forward some of their own suggestions for modification of the existing provisions. The Southern India Millowners Association have also made a suggestion that the provisions of the Merchandise Marks Manual be so altered as to allow the making up of bundles of any weight with any number of knots in the bundle to meet the requirements of particular trade and not to insist upon any definite number of knots per bundle as referred to in rule 41 in Part III of the Manual which applies only in the case of 5 or 10 lbs. bundles. I am to request that the Government of India may be furnished with Your views on the proposals made

by the various commercial bodies after consultation with such commercial or other interests as you may think necessary. In particular, the Government of India would be glad to have your recommendations as to the precise modifications needed in the Home Department Notification No. 1474, dated the 13th November 1891, (as subsequently amended) and/or in rule 41 in Part III of the Merchandise Marks Manual.

EXPORT OF TEA FROM CUTCH MANDVI AND OTHER KATHIAWAR PORTS

Letter No. 761 dated the 7th April, 1938.

From the Chamber to the Government of India, Department of Commerce.

RE:—Re-exports of tea from Cutch Mandvi & other Kathiawar Ports.

I am directed by the Committee of the Indian Chamber of Commerce to refer to the difficulties experienced by merchants holding tea with "export rights" on account of the unauthorised re-exports of tea from certain ports in the Maritime States of Kathiawar and particularly from the Port of Cutch Mandvi. As your Government are aware exports of tea from India to foreign countries are regulated by licenses granted by the Indian Tea Licensing Committee. According to the scheme of international regulation of the Tea Industry, producers of tea in India are granted "export rights" in respect of specific quantities and these quantities are bought from time to time, together with the "export right," by merchants for purposes of export to foreign countries. No tea is being allowed to be exported unless the particular consignment has been purchased under "export rights." The only free export allowed is in respect of coastal trade within India itself which trade is presumed to be for local consumption alone.

The world market for Tea being thus regulated by agreement between tea producing countries 'export Tea' brings an extra price and the merchants have therefore to pay about As. 5½ to As. 6 per lb. more for consignments which they purchase with "export rights." These "export rights" are valid from year to year and expire on the 30th June each year and if merchants who have bought tea with "export rights" are not able to export the whole quantity by this date, they lose their "export rights" for the unexported balance which can

then only be sold within the country itself thus resulting in a considerable loss in respect of the extra price which they have paid for securing "export rights."

As pointed out above, no "export rights" are required in respect of consignments of tea shipped to Ports in India itself, such traffic being presumed to be only for local consumption. A guarantee in the form enclosed however, is taken from both the consignors and the consignees that no part of these consignments will be re-exported to any foreign country and the Committee understand that the customs authorities of the Maritime State Ports also do not allow any such re-export. But the Committee understand that recently thousands of cases of tea have been exported from the Kathiawar Maritime States and Cutch Mandvi Ports to foreign markets on the Persian Gulf and the Red Sea in contravention of these export regulations. The very fact that the export of tea from Calcutta to Cutch Mandvi and to other Kathiawar State Ports have increased enormously during the last two or three years, in some cases by as much as 300 per cent, clearly proves the existence of a considerable amount of illicit re-export traffic. The result of these large unauthorised exports from Cutch Mandvi and other Western State-ports has been that merchants holding Tea with "export rights" have not been able to sell their full quota to certain consuming markets as the requirements of these are met by the unauthorised exports of "internal Teas" from Cutch Mandvi. This illicit re-export traffic has, therefore, been a source of considerable anxiety to merchants holding Tea with "export rights" in as much as "export rights" in respect of any balance quantities left over unexported with the merchants on the 30th June are automatically cancelled and they are thus put to a considerable loss. The Committee are given to understand that recently the S.S. "Warfield" belonging to the B. I. S. N. Co., Ltd. carried a couple of thousand cases of tea without "export rights" from Cutch Mandvi to Aden. The Committee need hardly emphasise that if the demand from certain foreign ports which are consuming tea with "export rights" is thus allowed to be fulfilled by illicit traffic, the position of merchants holding "Export rights" who are not able to clear their stocks by the 30th June as a result of such smuggling would be a very difficult and serious one.

The Committee, therefore, strongly urge the Government of India to take immediate steps to make adequate arrangements with the authorities of the Maritime States in Western India particularly Cutch Mandvi in order to put a stop to this illicit traffic in tea or

failing that not to allow export of tea to these Indian State Ports without "export rights," and treat them at par with 'foreign' ports. The Committee trust that the matter will receive immediate attention of the Government of India particularly as the period of the expiry of the current "export rights" in drawing near.

Telegram dated the 31st May, 1938.

From the Chamber to the Government of India.

Committee Indian Chamber of Commerce anxiously await reply their letter No. 761 of seventh April regarding illicit traffic in Tea from Cutch and other Kathiawar Maritime States Stop Committee Further learn Cutch State very recently imposed duty one and half anna per lb. on tea which is inadequate to stop illicit traffic as re-exports of Tea to foreign countries from Cutch would continue as it would still be 3 annas per lb. cheaper to export Tea from Cutch than any other Port in India Stop Committee strongly urge Government to take necessary action and stop exports of Tea to Cutch and Kathiawar States Ports unless under export rights and treat them on par with foreign ports.

Letter No. 01173 dated the 17th June, 1938.

From the Chamber to the Government of India, Department of Commerce.

RE:—Export of Tea to Cutch.

The attention of the Committee has been drawn to a Notification issued by the Finance Department, Central Revenues, with regard to the exports of tea out of British India to Cutch.

The Committee understand that this Notification has been issued under Section 19 of the Sea Customs Act but that no detailed instructions have yet been received by the Indian Tea Licensing Committee as to how the granting of permits for such export of tea is to be regulated.

The Committee had invited the attention of your Government (vide their letter No. 761 of 7th April, 1938 and subsequent telegram of the 31st May, 1938) to the unauthorised re-exports of large quantities of tea from Cutch to foreign ports and had pointed out how it hit the exporting merchants in Calcutta. The Committee are glad to note that your Government have taken some action in the matter and are contemplating to regulate the export of tea from British India to Cutch.

The Committee are not aware as yet as to the detailed arrangement whereby the export of tea to Cutch from British India is to be regulated. They gather, however, that the exports of such tea to Cutch may perhaps be regulated on the basis of the demand for local consumption there. The Committee have to point out that such a regulation would hardly have any effect on the unauthorised re-exports of tea from Cutch to foreign ports, particularly as the imports of foreign tea into Cutch are not regulated. It would be very easy for merchants in Cutch to import foreign tea for local requirements and to re-export the quantity received from British India to other foreign ports, thus getting the advantage of having to pay no extra price for the "Export Rights." As the Committee had pointed out in their telegram of 31st May, last, the duty of 1½ annas per pound on the export of tea which the Cutch State have imposed is absolutely inadequate to stop this illicit re-export traffic as, such re-export would still continue to have a sufficient margin of cheapness in comparison with tea exported from any other port in British India.

The Committee are awaiting to be advised about the detailed arrangements as to how the export of tea from British India to Cutch is sought to be regulated. Meanwhile, however, they would like to emphasise that whatever arrangements are finally brought into force, the Government of India should see that there is no loophole left in the matter and that exporters of tea in British Indian ports are not put to unnecessary losses as a result of the continuance of the unauthorised re-exports of tea as is stated above. They would also like to point out in this connection that though Cutch is the main port from which this unauthorised traffic is being carried on, it is equally necessary to extend the regulation to all Western Maritime State ports as requested in their letter of the 7th April, 1938.

Soliciting the favour of an early reply.

Copy of letter No. 201(7)-Tr.(I.E.R.)/38 dated the 20th July, 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT—Exports of Indian Tea to Cutch and the Kathiawar States.

I am directed to refer to the correspondence ending with your letter No. 01173 dated the 17th June, 1938, on the subject mentioned above.

2. As regards Cutch, it appears that the Committee of your Chamber is already aware of the Government of India, Finance Department (Central Revenue) Notification No. 90 dated the 11th June, 1938, under which exports of tea from British India to Cutch are restricted to consignments covered by permits issued by the Indian Tea Licensing Committee. The detailed procedure to be followed to give effect to this decision and the amount of tea that should be permitted to be sent to Cutch to meet her normal annual requirement have been settled in consultation with the Indian Tea Licensing Committee, who, it is understood, have advised all tea producers and interested sections of the trade of these arrangements.

3. As regards the Kathiawar maritime States, I am to say that these States agreed during the original tea restriction scheme to permit exports of tea from their ports only when such consignments were covered by export licences issued by the Indian Tea Licensing Committee. As this arrangement has been, found, according to their information, to be generally satisfactory, the Government of India have taken up the matter with the Kathiawar maritime States with a view to the continuance of the arrangement during the renewed control scheme.

Copy of letter No. 281/IIIL.A. dated the 7th July, 1938.

From the Indian Tea Licensing Committee, to the Chamber.

EXPORT OF TEA TO CUTCH.

Knowing of your interest in this matter, I send you for your information a copy of a circular which has been issued to-day to all tea producers on this subject.

TARIFF BOARD'S REPORTS ON SUGAR INDUSTRY.

Letter No. 00965 dated the 7th May, 1938.

From the Chamber to the Government of India, Department of Commerce.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the fact that the publication of the Report submitted by the Tariff Board on the question of protection to the Sugar Industry has been unduly delayed. The Committee understand that the Tariff Board submitted their Report in December last and it was expected that the same would be published in February this year simultaneously with the announcement of the Budget proposals of the Government of India. The Committee regret to state that these expectations of the commercial community and the industry concerned did not come true and the publication of the report was withheld on the usual ground that the report was still under the consideration of the Government of India. Meanwhile, the present level of protection to the Sugar Industry has been extended up to March, 1939 by the Sugar Industry Protection (Temporary Extension) Act and the Committee feel that the publication of the report may therefore be still further delayed.

The Committee need hardly point out that the sugar industry in India has been in a process of continuous development and the recommendations of the Tariff Board based on the evidence taken last year would prove out of date if the publication of the report is further delayed. The Committee much regret to note that while the public and the Industry in India have been eagerly awaiting the report, the Government of India have inordinately delayed the publication of the same.

The Committee would also mention in this connection that publication of the reports of the Tariff Board on other industries have even previously also been delayed. The Committee fail to understand why such important publications in which the public and the Industries in India are vitally interested should be withheld and delayed till the time when the documents become too out of date to be useful.

The Committee, therefore, would urge the Government of India to take early steps to see that the report of the Tariff Board on the

Sugar Industry is soon published. The Committee trust that the matter will receive your careful consideration. They would be glad to have a reply at an early date.

Copy of letter No. 127-T(1)/38 dated the 19th May, 1938.

From the Government of India, Department of Commerce, to the Chamber.

SUBJECT:—Tariff Board's Report on Sugar Industry.

I am directed to acknowledge the receipt of your letter No. 00965, dated the 7th May, 1938, on the subject noted above, and to say that the views of your Chamber have been noted by the Government of India.

Telegram dated the 13th August, 1938.

From the Chamber to the Government of India.

“Committee, Indian Chamber of Commerce, Calcutta invite urgent attention to non-publication of Sugar Tariff Board Report which was submitted to the Government in December last. The Sugar Industry anxiously awaiting Tariff Board's recommendations on various important problems facing it. Committee strongly object to reported withholding of the Report till the budget session and presenting fait accompli giving no opportunity to the interests concerned to consider Tariff Board's recommendations and appraise Government with their views on the same. Committee invite attention in this connection to Fiscal Commission's Report which also recommended immediate publication of the Tariff Board's Reports and emphatically urge publication of Sugar Tariff Board's Report immediately.

Copy of letter No 127-T(1)/38 dated the 17th August, 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—Tariff Board's Report on Sugar Industry.

With reference to your telegram dated the 13th August, 1938, on the above subject, I am directed to say that your Committee

appears to be under a misapprehension as to the practice of the Government of India in the matter of publication of the reports of the Indian Tariff Board. These reports are not published in advance of the conclusions of the Government of India recommendations contained therein which in the meantime are strictly confidential, and no departure from this procedure is contemplated in regard to the Report on Sugar, which is still under consideration.

2. I am to add that the Government of India are not responsible for the Press reports referred to in your telegram under reply.

INDIAN TEA CONTROL RULES, 1938.

Letter No. 1738 dated the 1st September, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite reference to the Government of India, Department of Commerce Notification No. 201(3)TR/1ER/38 dated the 16th July, 1938 promulgating the Indian Tea Control Rules 1938. The Committee regret to note that the Government of India did not circulate these rules in a draft form for the consideration of the industry and the interests concerned. The Committee would further state that there are certain inconsistencies in the rules now made by the Government under sections 10, 23 and 27 of the Indian Tea Control Act 1938 and they would like to draw the attention of the Government to the same.

The Committee would first point out that the Schedule under section 14 of the Indian Tea Control Act 1938 prescribes what the crop basis in this section should include. Para 1 of this schedule states that the crop basis of a tea estate for each financial year shall on and from 1st April 1938 be the crop basis which was ascertained from such a tea estate for the financial year 1937-38 or the highest figure fixed for any year after investigation by the Committee, whichever is higher in accordance with the rules under the Indian Control Act 1938, with the addition of allowances for special hardship determined under Rules 4 and 5 framed under Section 23 of the Indian Tea Control Act 1933. The Committee would point out that the Licensing Committee have already recognised certain principles for

granting special hardship allowances and these are granted according to those principles so that an estate may have the reasonable best year crop basis to start with. It is therefore equitable that such additional allowances should be included in such consolidated best year crop figure of the estate. Moreover, the Schedule to the Indian Tea Control Act 1933 also contemplated such special hardship allowances apart from any consideration for allowances for young areas or low producing areas which are to be added to the existing crop basis of an estate and for which provision is made in paras 2 and 3 of the Schedule. The Committee, would therefore suggest an amendment to the rules so that special hardship allowances once given on the merit of each application may not be disallowed at any time. Moreover, para 2 of the Schedule to the Act defines young areas as "tea planted from 1st January, 1926 onwards." It is contemplated that such allowances should be added automatically in accordance with the scales that may be fixed for different localities in terms of the rules. It is therefore clear that such allowances can be indicated by putting in one figure against each district or locality as they appear in Schedule 1 to the Rules. But as no deduction of allowances to what has been granted under the 1933 Act as indicated in the first paragraph of the Schedule 2 of that Act can be made, Schedule 1 should be adequately amended so as to bring in a practical computation to consider the amount of deduction in respect of allowances already enjoyed and for average contribution of young areas to mature tea. The complicated procedure contemplated by the Government is found objectionable by the estates concerned. The Committee would further suggest that rule 4(b)(2) should be made clear so that no deduction higher than that provided in schedule 2 can be made and in cases where estates can show bonafide records of a lower scale of the deductions such estates should get proportionate benefit, that is, deductions in such cases may be lower than that contemplated in schedule 2 of the 1938 Rules. In any case, it should be clear that the scale under schedule 2 of the Rules is the maximum deduction the Licensing Committee is empowered to make. It should also be seen that specific deductions in the Statute as indicated in the second para of the Schedule to the Act regarding allowances to be automatically added in respect of young areas for different localities are complied with. The Committee would also refer to the third para of the Schedule to the Act as also to Rule 5 and point out that they fail to appreciate the insertion of the specific qualifying privilege for the high grown estates of Darjeeling which the Act does not contemplate. Similarly, the Committee would also object to Rule 5 which seeks

to limit the scope of low producing allowance as provided for in the Schedule to the Act.

The Committee would also point out that the provisions of para 2 of the Schedule to the Act makes it obligatory for the Licensing Committee to give additions to crop basis for young area allowances. They would therefore suggest that the word "may" appearing in the first line of rule 4(b) should be changed to "shall."

The Committee also believe that the wide powers given in Rule 7 of the Rules to the Licensing Committee are contrary to the specific provisions of the Act. The Committee would further point out that the figures of maximum allowances indicated in Schedule 1 to the Rules are not satisfactory. In certain districts, for example, Terai, Tripura etc. they should be much higher. They would suggest that a special Expert Committee should be appointed also to examine the schedule regarding the scales of deductions. The Committee would further point out that the scale for certain districts is very unreasonable. The scale for Terai is not only erratic but also compares very favourably with the scale for Sylhet. Moreover, certain estates placed in Terai tea District will be included for administration purposes in Bihar. The yield for Terai district in terms of schedule 1 is 484 pounds as against 183 pounds in Bihar.

The Committee would further suggest that the Government should discuss the provisions of the Rules with representatives of commercial bodies with a view to remove any undue hardship caused to any estate by the operation of the rules.

DIFFICULTIES EXPERIENCED BY MERCHANTS IN DESPATCHING GOODS TO NEPAL.

Letter No. 1844 dated the 7th September, 1938.

From the Chamber to the Central Board of Revenue.

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by importers of goods for transmission to Nepal, on account of the Customs Notification dated the 8th March, 1938, disallowing refunds of security deposits in case of the seals on packages being found broken or missing at Kathmandu. The Com-

mittee would point out that goods imported for transmission to Nepal are not charged import duty at Indian Ports, and the security deposits are returned when imported goods are despatched to Nepal. The Customs Notification, however, as stated above now disallows such refunds if the original seals on the packages are found broken or missing at Kathmandu. The Committee would point out that during the transit of goods from the Ports to Kathmandu, it is extremely difficult to keep the seals intact. As your Board may be aware, in a large number of cases, the seals are broken, especially when the goods change hands at various junction. The Committee appreciate that there should be some distinguishing mark to prove that the goods despatched to Nepal are the same as the goods imported but to judge it solely by the seals, which, as observed above are liable to be easily broken is to put a criterion which proves highly unfair in operation. In fact, the original idea of exempting imported goods from duties when re-exported to Nepal is defeated by such stringent requirements, and the merchants dealing with Nepal find it difficult to carry on their normal trade in such circumstances.

The Committee understand that certain merchants approached the Collector of Customs, Calcutta, and put their grievances before him and the latter has referred the matter to your Board. The Committee would urge that the Customs Notification mentioned above should be cancelled and that if necessary, some other better method should be devised to ensure against malpractices in connection with goods re-exported to Nepal. The Committee understand that at present if any packages are found with the seals broken on arrival at Nepal, no exemption of or refund from import duty is allowed in respect of such consignments. The Committee suggest that at least the British authority at Nepal should be instructed to examine the contents of the packages even if the seals are broken and to certify whether they conform with the shipping samples and the invoices forwarded to him by the Customs authorities at the Ports. The Committee need hardly emphasise that it is easy for seals to be broken in transit and that broken seals should only indicate a necessity for greater care and caution at destination while inspecting the goods but should in no case be made a ground for rejecting the consignments totally for purposes of exemption from or refund of import duty in India.

The Committee trust that the matter will receive early attention of the Board.

Copy of letter No. 421(ii)-Cus. 11/38 dated the 14th September 1938.

From the Central Board of Revenue to the Chamber.

NEPAL—Transit goods—Breakage of seals—Refund of security deposit.

With reference to your letter No. 01844 dated the 7th September, 1938, I am directed to say that the Government of India have already decided, as an experimental measure, that in the case packages arriving in Kathmandu with seals broken the security deposit should be refunded if the claim for refund is otherwise in order and is supported by His Britannic Majesty's Envoy Extraordinary and Minister Plenipotentiary at the court of Nepal.

TARIFF VALUES OF VARIOUS ARTICLES.

Letter No. 02063 dated the 30th September, 1938.

From the Chamber to the Director General of Commercial Intelligence and Statistics.

I am directed to invite reference to your letter No. 11447-CIC dated the 9th August, 1938 regarding Tariff values of "Brass patent or yellow metal (including gun metal) ingots" and "brass patent or yellow metal (including gun metal) old." The Committee note that you propose to delete the words and brackets "(including gun metal)" from this tariff valued heads and make gun metal ingots and old gun metal assessable on ad valorem basis. The Committee would, however, point out that the reason for low imports of gun metal into British India is that gun metal borings and scraps are imported under the name of brass scrap as they are so called in the market. Moreover, the Committee understand that the price of gun metal is practically equal to that of brass patent or yellow metal and if the same is kept so as to differ from that of the latter, there is a likelihood of the merchants being unnecessarily harassed by the Customs authorities as the two metals are similar in appearance. The Committee are, therefore, opposed to the proposal to make gun metal ingots and old gun metal assessable under a new head on ad valorem basis.

ANNUAL REVISION OF TARIFF VALUES.

Secretary's report regarding meeting with the Director General of Commercial intelligence and statistics on the 21st November, 1938.

OFFICE NOTE.

The undersigned along with Messrs. N. C. Shah and R. D. Trivedi of Messrs. Jeewanlal & Co., Ltd., met Dr. Matthai, Director General of Commercial Intelligence and Statistics on Monday the 21st November, 1938, at 3 P.M., in connection with the annual revision of Tariff Values. The points raised on behalf of the Chamber are noted below :—

Item No. 9(3) Cloves.

It was pointed out to the Director General that cloves are at present being imported from Zanzibar and Madagascar. Madagascar cloves are of smaller size and of a different quality as compared to Zanzibar cloves and that the same are sold in the market at prices lower than those for Zanzibar cloves. The difference between the prices of these two qualities of cloves is usually Rs. 6 to Rs. 7 per Cwt. It was, therefore, suggested that cloves should be classified under two heads as coming from Zanzibar and Madagascar respectively and that separate Tariff Value be fixed for each.

It was also pointed out that the proposed increase in the Tariff value for the year 1939 was not justified inasmuch as, the rise in the price of cloves during a part of the previous 12 months was due to the boycott of Zanzibar cloves and that ever since the boycott was lifted the prices had come down to the normal. A schedule of prices for the last 12 months as given in the Appendix was handed over to the Director General.

These submissions were supported by certain representatives of the Muslim Chamber of Commerce.

The Director General however, pointed out that the question of having another entry in the import tariff should have been raised earlier. He suggested that the question may be taken up in May or June next year. As regards the tariff value he promised to re-examine the position.

Item No. 9(5) Betel Nuts—whole from Straits etc.

It was submitted that in all consignments of Betel nuts about 20 per cent of the quantity is usually of very small nuts called chits

which do not fetch any profit to the importers but has to be sold at only the cost price. It was only the remaining 80 per cent that was sold in the market as Betel Nuts. Though the proposed tariff value was in order considering the market value of the 80 per cent sold as Betel Nuts, it was submitted that the presence of about 20 per cent chits is also to be taken into account while fixing the tariff value. This submission was supported by the representative of Messrs Hoosen Kasam Dada.

The Director General replied that no representation had been made previously to classify Betel Nuts according to their qualities. It was, however, pointed out to him that the request was not one for classifying the Betel Nuts according to the quality as it was not intended to ask for a separate classification for chits but that the request was only for taking the presence of 20 per cent chits in the consignments of betel nuts into consideration while fixing the tariff values. The Director General agreed to consider the point and requested for a written note on the subject to be sent to him along with the details of the market prices of betel nuts and chits.

Item No. 11 & 11(3) Cassava.

It was submitted that the tariff value proposed to be fixed for the next year was on the high side. A schedule of the Calcutta market prices (*as per Appendix*) was submitted. The Director General however, pointed out that he had taken into account the market prices ruling at all the major ports and that in fixing the proposed tariff values he had taken the average of the different values suggested by different ports.

Item No. 28 Soda Ash.

It was submitted that the proposed increase in the tariff value for Soda Ash will affect the various small chemical manufacturers as well as the glass industry.

The Director General pointed out that the only thing which had to be taken into account while fixing the tariff value was the market price at the major ports during the last 12 months and the probable tendency of the market. It was pointed out to him that the increased prices during the past year were probably due to the war scare and that the prices may come down.

Item No. 66 Aluminium Circles and Sheets.

The representatives of Messrs. Jeewanlal & Co., Ltd., explained in detail as to how the provisional tariff values for the coming year

were high and there should be a decrease rather than increase over the current year values. It was pointed out that the real value in connection with this particular article was only the C. I. F. value as there was no trade as such in this article in the Indian market. Aluminium circles and sheets were only consumed by manufacturers of utensils and as there was a foreign concern selling these circles and sheets, there was no regular market in the commodity. A written note was submitted to the Director General along with a copy of the communication received by the Chamber from Messrs. Jeewanlal & Co., Ltd.

The Director General promised to look into the matter carefully and to revise the tariff values if necessary.

PUBLIC AFFAIRS.

NOMINATION OF JUTE INTERESTS ON THE BOARD OF HOWRAH MUNICIPALITY.

Letter No. 00057 dated the 11th January, 1938.

*From the Chamber to the Government of Bengal, Department of
Public Health and Local Self Government.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the question of nomination of Commissioners on the Board of the Howrah Municipality. The Committee understand that previously two seats were reserved on the Board for the Jute Industry which were filled up by nomination by the Government and that for the last twelve years these seats were filled up by representatives of the Ganges Jute Manufacturing Co., Ltd., and Howrah Jute Mills Co., Ltd. The Committee further understand that after the last Municipal Election, however, only one seat has been reserved for the Jute Industry and this has been filled up by a representative of the Howrah Jute Mills Company Limited.

The Committee have to point out here that though there are several jute mills on the northern side of Howrah no representative has ever been selected from these mills. These northern mills have at least as much commercial importance if not greater than the mills on the southern part, and the Committee think that with the completion of the new Howrah Bridge and the operations of the Howrah Improvement Trust, the northern side mills will acquire still greater importance.

Under the circumstances, the Committee are of opinion that the claims of the jute mills on the northern side of Howrah for representation on the Board of the Commissioners of the Howrah Municipality should also be considered by the Government. In view of the forthcoming elections for the Howrah Municipality, the Committee trust that the Government will kindly consider this suggestion sympathetically and appoint a representative from the northern mills on the Board.

DIFFICULTIES EXPERIENCED BY KATHIAWAR GHEE MERCHANTS IN CONNECTION WITH THE CORPORATION GHEE TEST.

Letter No. 00640 dated the 23rd March, 1938.

From the Chamber to the Calcutta Corporation

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by the importers of Kathiawar ghee in Calcutta. One of the merchants recently complained to the Chamber that the Food Inspector of the Corporation had taken certain samples from ghee which he was selling on the suspicion that it was adulterated though the product, according to the merchant, was genuine. In order to make sure of the facts, one of the sample bottles, which was duly sealed by the Food Inspector of the Corporation, was sent through this Chamber to the Municipal Corporation, Bombay, and I am enclosing herewith a copy of the test report which they have sent after analysing the sample.

As you will find from the report, the Bombay Municipality mention that ghee as per sample sent to them was genuine and could be freely sold as such in Bombay market. The Committee are unable to appreciate as to why the same quality of ghee which found to be genuine by the tests carried out by the Bombay Municipality should not be allowed to be sold in Calcutta. The Committee are given to understand that the Calcutta Corporation test is based on a lower fat content quality of ghee and it may be that Kathiawar ghee which contains more fat owing to topical conditions may not pass the particular test. As there is a large trade in ghee from Kathiawar, the Committee feel that the difficulty pointed out above requires careful consideration and alteration of the particular test if necessary. The Committee shall be glad to be enlightened of the position in the matter.

Letter No. 1975 dated the 17th September, 1938.

From the Chamber to the Mayor of Calcutta.

The attention of the Committee of this Chamber has been drawn to the disparity in the standards for adjudging the purity and genuineness of ghee enforced by the Calcutta and the Bombay Corporations and the difficulties experienced consequently by several merchants importing Kathiawar ghee into Calcutta. One of the merchants sometime back complained to the Chamber that the Food Inspector of the Calcutta Corporation had taken certain samples from ghee which he was selling on the suspicion that it was adulterated though the product, according to the merchant, was genuine. In order to make sure of the facts, one of the sample bottles which was duly sealed by the Foods Inspector of the Corporation was sent through this Chamber to the Municipal Corporation, Bombay, and I am enclosing herewith a copy of the test report which they have sent after analysing the sample. After sometime another sample was also sent to the Bombay Corporation for analysis.

As you will find from the reports the Bombay Corporation mention that the ghee as per sample sent to them was genuine and could be freely sold as such in Bombay market. The Committee understand that the reason for the same quality of Ghee which is found genuine by the tests carried out by the Bombay Municipality being not allowed to be sold in Calcutta is the difference in the standards enforced by the Calcutta and Bombay Corporations. The Committee also learn that the Calcutta Corporation test is based on a lower fat content quality of ghee and it may be that Kathiawar ghee which contains more fat owing to topical conditions may not pass the particular test.

The Committee had addressed a letter in this connection to the Chief Executive Officer of the Calcutta Corporation in March last. The Chief Executive Officer had replied that a report in the matter was called from the Health Officer of the Corporation. The Committee regret that they have not further heard from the Corporation as yet.

The Committee would point out that there is a large trade in ghee from Kathiawar and the difficulties of the merchants as pointed out above require careful consideration. The Committee would suggest that the standard for adjudging the purity of ghee enforced by the Calcutta Corporation should be altered, if necessary. The

Committee would be glad to be enlightened about the exact position in the matter and as to what steps the Corporation propose to take in this connection.

An early reply will oblige.

PREVENTION of ADULTERATION OF GHEE.

Letter No 2695 dated the 21st December, 1938.

From the Chamber to the Government of India, Department of Commerce.

The attention of the Committee of this Chamber has been drawn to the recently growing practice of adulterating ghee. The Committee understand that though ghee is one of the most important nutritious articles used in the Indian diet, it is practically impossible to purchase unadulterated ghee in the open market particularly in the larger cities. Though the Committee have no figures available which provide any estimate of the average amount of adulterants added to ghee, they would point out that the chief articles generally used for adulteration are hydrogenated vegetable oils, animal fats made to resemble ghee and certain pure vegetable oils such as groundnut oil, coconut oil and cotton seed oil. The first of these is produced at about 5 factories in the country. The Committee understand that the potential capacity of these factories is about 33,000 tons per year. In addition to these about 1000 tons are imported from foreign sources. The Committee understand that about 90 per cent of these total supplies is used for adulteration of ghee. Dr. Wright in his recent report on the Development of Cattle and Dairy Industries of India has also estimated the quantities of other adulterants namely animal fats, pure vegetable oils etc., which are available and are used for adulteration of ghee and has come to the conclusion that more than 50,000 tons of these articles are used every year for such adulteration. In view of the fact that hydrogenated vegetable oils can be purchased from Rs. 10 to Rs. 12 per maund and animal fat from Rs. 6 to Rs. 12 per maund as compared with about Rs. 30 to Rs. 45 per maund for ghee adulteration is a very paying proposition for dishonest merchants. Moreover, the Committee learn that the synthetic products are carefully prepared to resemble the physical properties of ghee as required in different markets at different times of the year. Appropriate colours and ghee essences are also used as a further disguise.

The Committee are aware that various Provincial Governments have prescribed tests for genuine ghee but the prosecutions on the basis of these tests are few and punishments have no deterrent effect on the dishonest merchants. A part of the difficulty in checking adulterations is thus due to the lax administration of the law but the absence of quick and reliable methods of detecting adulteration is also responsible for this widespread practice. So far as the Committee understand, the present official standards for ghee are based on the refractive index and the Reichert-Meissl Value, the latter giving a measure of the volatile fatty acids present in the fat the actual standards, however, varying from province to province. The Committee would point out that variations due to local differences of climate and fodder, to seasons of the year and due to methods of manufacture and storage make it difficult for any chemical test to be perfect and true for all occasions. Moreover, the test for buffalo ghee is different from that for cow's ghee and if the two ghees are mixed it becomes easier to elude test and an adulterated product may pass the test for mixed ghee. It is thus apparent that the physical and chemical tests applicable to ghee could only be used to ascribe an assumption of purity to the tested sample and not as absolute guarantee of purity. If, therefore, adulteration of ghee is to be easily detectable, it is essential that such further measures should be enforced which would enable even a layman to distinguish easily between the genuine and the adulterated stuff.

The Committee understand that the whole question of the prevention of the adulteration of ghee was gone into thoroughly at the Ghee Conference convened and held in September 1937 under the auspices of the Government of India and during the course of the discussions there-at several methods were suggested by which adulteration of ghee could be minimised and could be made easily detectable. Suggestions were made for the compulsory colourisation of articles used as adulterants of ghee and mixing of a certain percentage of Til or Sesamum oil with all vegetable products. The Committee of this Chamber are strongly of opinion that effective measures should be taken early to minimise the practice of ghee adulteration which is prejudicial to public health and which enables the dishonest trader to profit at the expense of the consumer. They shall be glad to know as to what steps the Government of India have taken on the suggestions made at the Ghee Conference to this effect.

An early reply will oblige.

SHARE CAPITAL, OF THE INDIAN TRANS-CONTINENTAL AIRWAYS
LIMITED.

Letter No. 00599 dated the 17th March, 1938.

*From the Chamber to the Government of India, Department of
Communications.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to draw your attention to the question of the agreement in regard to the Indian Trans-Continental Airways Limited, which expires in 1939. The Committee have to state that the Government of India should not renew the agreement on the present basis whereby the Imperial Airways have a majority of capital in the concern, but should definitely stipulate that the controlling interests of the Trans-Continental air service should be in Indian Hands. The Committee have to recall, in this connection, that in the meeting of the Standing Finance Committee of the Legislative Assembly held on 14th March 1929, Sir George Schuster, the then Finance Member, stated that "he had come to the conclusion that not less than 75 per cent of the voting rights would give Government the control desired over the affairs of the Company." He further explained the method by which 75 per cent of the voting rights might be secured while Government need only find 50 per cent of the capital. The approval of the Committee was accordingly asked to proposals relating to the subsidy for the proposed air service being sanctioned subject to the following further definite stipulations:—

- (i) 75 per cent of the voting rights in any Company working the contract should be owned by Government.
- (ii) Not less than three-fifths of the Directors of the proposed Company should be Indians.
- (iii) The appointment of Directors should be subject to the approval of the Government.

It might be added that the Committee had accepted these proposals. As regards the Managing Agents, the Committee had agreed that the object in view could be expressed by saying that the contract with the Managing Agents must be such that it would not take away from the Board of Directors and Shareholders the effective powers of control which it was intended they should have including the power to remove the Managing Agents in other words, full control over the affairs of the Company, including the power to remove the

Managing Agents, should vest in the Board of Directors and Shareholders. The Standing Finance Committee also agreed to the proposals as thus amplified.

The Committee of the Indian Chamber addressed a letter to the Government of India on the 29th December 1931 insisting that there should be no relaxation in the fundamental conditions laid down by Standing Finance Committee as outlined above. The Federation of Indian Chambers of Commerce and Industry also adopted a Resolution at their annual session in March 1932 emphasising that the Government should strictly adhere to the course laid down by them about reserving a substantial majority, say, 75 per cent of share capital and directorate for Indians and affording training to Indians in all branches of its work and should not relax these conditions on any account.

The Committee have further to mention that the General Purposes Sub-Committee of the Indian Retrenchment Advisory Committee, appointed in 1931, recommended that no non-Indian conducted service should be allowed to start the Indian link in the East and West through air run but that the Government of India should themselves unhesitatingly inaugurate the Indian State Air Service, if such a course be considered necessary, to avoid the establishment of non-Indian controlled service. Not merely satisfied with that they even laid down certain retaliatory measures which the Government could and should adopt. They said: "But against pressure and threats from any powerful non-Indian commercial interest, the Sub-Committee consider that the Government of India, at the limit of withdrawing all their ground organisation and meteorological facilities (the latter upto the borders of Persia), are not without effective weapons."

The Committee regret that despite the understanding arrived at in the Standing Finance Committee, inspite of the considered views of the Retrenchment Sub-Committee and contrary to Indian commercial and public opinion, the Government of India concluded an agreement in 1933 with the Imperial Airways wherein they assigned the major portion of the capital to the Imperial Airways thereby establishing the control of non-Indian interests in a vital and key industry of this country.

The Committee have to point out that even the Indian Majority in the Directorate does not satisfy the stipulation previously laid down because in the selection of the directorate the Imperial Airways which has a majority of capital has had a predominant voice. The Com-

mittee are not concerned at all with the present personnel of the directorate but want to raise this objection as a matter of principle. The Committee are aware of the argument put forward by Sir Frank Noyce (the then Member for Industries and Labour) during a debate on this question on 20th September, 1933 that "the holding of 51 per cent by Imperial Airways was a fundamental condition of the whole arrangement, especially of the grant of the subsidy and if it had not been accepted it would not have been possible to start the service." The Committee are emphatically of the view that if the Government of India had taken a strong line on this question and had declined to yield to the unreasonable demand of the Imperial Airways, an agreement could have been concluded wherein the controlling interests would have been Indian. In the last resort, as suggested by the Retrenchment Sub-Committee referred to above, a State Service could have been inaugurated by the Government even if private Indian capital was not forthcoming. But the Committee are of opinion that there was every likelihood of Indian capital being invested in the aviation industry as shown by the successful enterprise of the Tatas who have built a highly efficient internal air service without any subsidy from the Government.

The Committee have in conclusion to draw attention to the following observation of Sir Frank Noyce in his speech in the Assembly on the 20th September 1933 on this subject:—

"It is a very important point and that is that these arrangements are subject to the provision that in 1939 the Government of the day will be at perfect liberty to reconsider the whole position."

The Committee have, therefore, to urge that the whole question should be reconsidered by the Government now particularly in view of the recent inauguration of an "All-Up Air Mail Service." The Committee understand that the Indian Trans-Continental Airways would cease to operate between Karachi and Singapore and that their operations would be transferred to the England-Calcutta services, of which they would operate half in conjunction with Imperial Airways. The capital of the Company will also be increased from Rs. 10 lakhs to Rs. 32 lakhs and the Company will purchase half the fleet of Armstrong Whittworth Ensigns while the capacity tonmiles to be operated by the Company would be increased from 750,000 ton-miles to 3,000,000 ton-miles a year. The Committee would, therefore strongly urge that full opportunity should be given to Indian capital to be invested in this aviation industry and that any new agreement to be concluded with the Imperial Airways should provide that civil

aviation in this country would be under Indian control and management. The Committee trust that no action will be taken by the Government without full consultation with the Legislature and that they will avail of this opportunity of building up a strong and efficient Air service throughout India under the control, direction and management of Indians.

Copy of letter No. V18 dated the 29th April, 1938.

From the Government of India to the Chamber.

I am directed to refer to your letter No. 00599, dated the 17th March, 1938, on the subject of the share capital of Indian Trans-Continental Airways Limited and to say that, as explained in paragraph 2 of the letter from the late industries and Labour Department No. T120 dated the 10th October, 1933, the arrangements for the operation of the Karachi-Singapore route and the reasons for assigning 51 per cent of the capital of Indian Trans-Continental Airways Limited to Imperial Airways Limited were discussed in the Legislative Assembly on the 20th September, 1933 and accepted by that body. These arrangements were due to expire in 1939, but they have now been replaced by the arrangements for the operation of the Empire Air Mail scheme which you describe in your letter. They were placed before the Standing Finance Committee and were accepted by it at its meeting on the 27th February, 1937 and were subsequently formally approved by the Legislature which accepted the necessary demand.

2. I am to explain, with reference to your request for full opportunity to be given to Indian capital to be invested in Civil Aviation, that 25 per cent of the capital of Indian Trans-Continental Airways Limited is held by Indian National Airways Limited, which is a public company. Under the Empire Air Mail Scheme, the capital considerably increased and will be subscribed by the existing shareholders in proportion to their present holdings. The capital of Indian National Airways will therefore be proportionately increased and the Indian public will have an opportunity of subscribing to this increased capital. The Government of India are now considering the details of the increased capital and the reconstitution of the Board of Directors of Indian Trans-Continental Airways Limited made

necessary by the introduction of the Empire Air Mail Scheme.

Letter No. 1103 dated the 4th June, 1938.

From the Chamber to the Government of India, Department of Communications.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge your communication No. V18 of the 29th April, 1938 in reply to the Chamber's letter No. 599 dated the 17th March, 1938 on the subject of the arrangements made with the Imperial Airways regarding the Indian Trans-Continental Airways and have to thank you for it. The Committee are surprised to note from your letter that new arrangements with the Imperial Airways have already been concluded by the Government as a part of the Empire Air Mail Scheme long before the expiry of the old agreement and regret they cannot appreciate the reasons which induced the Government to do so.

The Committee have to point out, in the first instance, that what they, in common with other Indian commercial bodies, insisted upon was not merely that opportunity should be available to the Indian Public for subscribing to the Share Capital of the Company but also, and what is perhaps more important, that the controlling interests should be in Indian hands and not in those of the Imperial Airways. They are constrained to find that despite the definite statement of Sir Frank Noyce on 20th September, 1933 that in 1939, the Government "will be at perfect liberty to reconsider the whole position" regarding the future arrangements with the Imperial Airways, the Government of India have concluded an agreement with the Imperial Airways without adequate discussion in the Legislature and without giving the commercial bodies and the public any opportunity to express their views in regards to this important subject. As regards the reference in your letter that these arrangements were accepted by the Standing Finance Committee at its meeting on the 27th February, 1937, the Committee have to point out that three members of that Committee, namely, Messrs. Asaf Ali, Sait and Gadgil dissented from the proposal and as for the approval by the Legislature, it was simply a formal voting of the grant. In any event, long before the expiry of the period of agreement a fresh agreement has been entered into by the Government whereby the controlling interests of the Imperial Airways on the Indian Trans-Continental Service had been continued for a further period of 15 years. It is obvious that the entire aviation policy of the Government would as a consequence continue to be dictated by the Imperial Airways and would not there-

fore, be necessarily determined in accordance with the policy urged by the public in this country or in the interests of the people of this country. After the strong expression of public opinion on the last agreement, particularly with reference to the major portion of the capital being vested in the hands of the Imperial Airways, the least that the Government were expected to do was to see that the new agreement eliminated such a condition and provided for the major portion of the capital being in Indian hands, both private and Governmental. The Committee take serious exception to the decision of the Government which will tend to create and consolidate new non-Indian vested interests in a vital sphere which is of defensive no less than of economic value.

The Committee further regret to notice that the activities of the Indian Trans-Continental Airways will be strictly limited to the operation of the land planes and will not extend to sea planes. They cannot appreciate the view of the Government that India is not specially concerned or interested in the development of sea planes. It is surprising that India will not take any direct part in the operation of the sea plane service, from which trained Indians are also excluded. Sea-Plane is a co-ordinating factor between aircraft and sea transport, whether naval or mercantile, and when the Government have accepted, however inadequately, the policy of Indianisation of the Navy as well as of aviation, it is difficult to see any justification for debarring Indians from employment in the sea-plane services.

The Committee are aware that the new agreements are already completed but they cannot help lodging their most emphatic protest against the manner in which the new agreement has been concluded as well as against the principle underlying the agreement whereby predominant position of the Imperial Airways, a non-Indian concern, over aviation in this country has been maintained and will be uninterruptedly continued for the next 15 years.

GRIEVANCES OF MERCHANTS IN CONNECTION WITH HOWRAH
GRAIN MARKET.

Copy of letter dated the 29th April, 1938.

From Mr. Faizulla Gangjee to the Chamber.

RE:—HOWRAH GRAIN MARKET.

The grievances of the Indian Produce Association with regard to the above market was fully discussed in the Advisory Committee

of the East Indian Railway to-day, and the Agent has agreed to meet with all the requirements of the Indian Produce Association provided they agree to pay for all extra costs incurred by the railway and the Divisional Superintendent, Howrah, will be advised by the Agent to go into discussions with a representative committee appointed by the grain Merchants who would be in a position to guarantee the payment of all expenditures incurred by the Railway. I would suggest that the Indian Produce Association be informed in this matter.

CONTRACT FOR THE SUPPLY OF LABOUR TO THE PORT COMMISSIONERS

Letter No. 699 dated the 30th March, 1938.

From the Chamber to the Secretary, Commissioners for the Port of Calcutta.

The Committee of this Chamber are given to understand that the question of renewing the contract for the supply of labour with Messrs. Bird and Company is engaging the attention of the Port Commissioners at present. The present contract with Messrs. Bird and Company which was renewed with effect from the 1st April, 1934 for five years will expire only on the 1st April, 1939. The Committee, however, understand that Messrs. Bird & Co. have offered to increase the rebates agreed to under the contract in 1934 by 2 per cent with effect from the 1st April, 1938, if the Port Commissioners are prepared to renew the labour contract for a further period of 8 years i.e., upto 31st March, 1947.

This question of giving contract for the supply of labour in the Port is of great public importance. The yearly payments made by the Port Commissioners under the head to Messrs Bird & Co., amount to about Rs. 20 Lacs. As the charges which the Port Commissioners make to the importers and exporters for their services are based on, and have relation to, the expenditure which the Port Commissioners have to incur under various heads, any item involving such a huge amount of expenditure is naturally of considerable importance to the commercial community. The question has assumed added importance in as much as the contract for supply of labour with Messrs. Bird & Co., has now been in force for about half a century and in spite of the repeated requests made by the commercial community, the Port Commissioners have not so far called for tenders for this contract even once during this long period of 50

years. Even in 1934, when this question was discussed last time there was no unanimity among the Port Commissioners and representatives of important commercial bodies including the representative of this Chamber and of two important State Railways had dissented from the proposal of renewing the contract with Messrs. Bird & Co. without inviting tenders for the same. The Committee very much regret that before the expiry of the present contract attempts are being made to get a renewal for a further term of 8 years on the temptation of a small increased rebate amounting only to about 1 per cent of the total bill and that too with a maximum limit stipulation. The Committee strongly protest against the proposal to renew the Contract with Messrs. Bird & Co. for another 8 years for this inadequate concession when, as has been pointed out before by them and other commercial bodies, a considerable saving can be effected in the total expenditure under this head if the contract is given after inviting tenders.

The only two plausible objections which could be raised against the system of inviting tenders for the supply of labour are that firstly it may lead to reduced wages being paid to labourers and secondly that there will be loss of efficiency if the contract is given to another firm in as much as Messrs. Bird & Co. and their labour has become used to efficiently handling the work as a result of their being continuously in the line for the last fifty years.

The first objection could be very easily met stipulating at the time of inviting tenders that these shall be based only on a certain fixed scale of minimum wages below which labour shall not be paid. As regards the second objection about efficiency it can easily be made a ground for a permanent monopoly and in any case this argument can be overcome as it may be safely assumed that most of the labour forces will remain unchanged and there should therefore be no appreciable loss in efficiency. A similar objection was also raised at the time of introducing the system of inviting tenders in Coal raising contracts in respect of Railway Collieries but as you are aware the system has been working very well. The Committee, therefore, reiterate that they are opposed on principle to the renewal of Messrs. Bird & Co.'s contract for any further period without inviting tenders and are emphatically of the opinion that the Port Commissioners should invite public tenders in the normal course for the supply of labour from the 1st April, 1939 onwards. The only loss to the Port Commissioners in not accepting the present proposals of Messrs. Bird & Co., will be to the extent of Rs. 20,000 in the year 1938-39 which,

the Committee are sure would be more than met by a reduction in the total expenditure of the Port Commissioners on this account, if tenders are invited. The very fact that Messrs. Bird & Co., themselves are willing to increase the rebate by 2 per cent shows that there is scope for reduction and the Committee are strengthened in their belief that if tenders are invited not only Messrs. Bird & Co. themselves may quote lower rates but other equally efficient firms of contractors could also be found to perform the necessary work at rates below the present rates charged by Messrs. Bird & Co. thereby ensuring a permanent and large saving in the Port Commissioners' expenditure on labour.

The Committee, therefore, strongly urge that the contract with Messrs. Bird & Co. for the supply of labour should not be renewed now but that tenders should be invited in the usual course at the time of the expiry of the present contract.

Copy of the letter No. 1549 dated the 2nd August, 1938.

From the Chamber to the Commissioners for the Port of Calcutta.

RE: LABOUR CONTRACT.

I am directed by the Committee to refer to my letter No. 699 of the 30th March, 1938, addressed to you on the above subject. It appears that no final decision has yet been taken by the Port Commissioners in the matter. The Committee need hardly reiterate the arguments given in their above letter against the renewal of the contract without inviting open tenders for the same. The Port Commissioners have been giving away this important contract during the last 50 years, and that also to the same concern without inviting public tenders. Indeed, the Committee understand that up to the end of the year 1923 there was no continuing contract with Messrs. Bird & Co. It was in the beginning of 1924 that formal agreements were entered into by the Port Commissioners with the present contractors for the supply of labour and these arrangements are in force till the present time subject of course to certain reductions and rebates which have been secured from the contractors on two or three occasions during the last 15 years.

The question of the renewal of this contract for the next 8 years as proposed is very important, particularly as it involves a large sum

of nearly Rs. 180 lakhs. The Committee need hardly emphasise that such an important contract should not be given away by a public body like the Port Commissioners without inviting open tenders for the same. The question is of great public importance and of particular significance to the Commercial community, as all charges on goods and shipping ultimately constitute a tax on the traffic passing through the Port. The Committee need hardly point out the charges paid by the Port Commissioners for labour constitute one of the few big items which are flexible and where a saving may reasonably be effected.

The Committee have been pressing repeatedly and they again take this opportunity of once more emphasising that the present occasion should be utilised by the Port Commissioners for going thoroughly into the whole question and revising the basis of the present charges, especially because, so far as the Committee are aware, the question of individual rates affecting particular operations has not been gone into ever since the present agreement was entered into with the contractors about 15 years ago. The Committee are sure if open tenders were invited for the contract, either the same contractors or other equally efficient concerns will be ready to undertake the work at much less cost to the Port Commissioners. The Committee trust that their views will receive careful consideration of the Port Commissioners before the matter is finally decided.

APPOINTMENT OF AN INDIAN AS CHAIRMAN OF THE BOMBAY PORT TRUST.

Telegram dated the 25th December, 1937.

*From the Chamber to the Federation of Indian Chambers of
Commerce and Industry.*

Committee request federation represent Government of India to Nominate Indian Chairman Bombay Port Trust in Vacancy caused by transfer of present Chairman wiles in conformity federations longstanding demand for Indianisation of higher services in Bombay Port Indchamb."

APPOINTMENT OF AN INDIAN AS A JUTE SPECIALIST.

Letter No. 560 dated the 14th March, 1938.

From the Chamber to the Indian Central Jute Committee.

The Committee of the Chamber understand that the question of appointing a Jute Specialist to the Central Jute Committee is shortly coming up before it. The Committee desire to take this opportunity to express their considered opinion against the recruitment of non-Indians on such posts. The Committee are given to understand that on a previous occasion certain important appointments were made directly in England without even advertising the posts in India. The Committee need hardly reiterate that Indian commercial opinion is unanimous that Indians must be given preference for appointment to such important posts and that the openings should be adequately advertised in Indian papers.

The Committee, therefore, strongly urge that the Central Jute Committee should give preference to Indians for the post of a Jute Specialist and should in no case appoint a non-Indian to the post when suitably qualified Indians are available for the same.

Copy of letter No. 644/38 dated the 30th March, 1938.

From the Indian Central Jute Committee to the Chamber.

I have the honour to acknowledge receipt of your letter No. 00560 dated the 14th March, 1938 and to say that one appointment viz., that of the Director, Technological Research Laboratories, was advertised only in the United Kingdom as the Committee was unanimously of the opinion that there was no possibility of obtaining a fully qualified officer in India. The post of Jute Specialist was advertised simultaneously in India and England although the possibility of obtaining a fully qualified officer in India was small. All other appointments have been advertised only in India.

All appointments are made on the recommendations of a properly constituted sub-Committee as required by the Rules and Bye-laws of the Committee.

TREATMENT OF HOWRAH BAZAR HOLIDAYS AS "DIES-NON" IN RESPECT
OF WHARFAGE AND DEMURRAGE CHARGES.

Letter No. 00422 dated the 25th February, 1938.

From the Chamber to the East Indian Railway.

I am directed to invite reference to your letter dated the 13th January, 1938, regarding Treatment of Howrah Bazar holidays as "dies-non" in respect of wharfage and demurrage charges. The Committee regret to note your inability to entertain their request. They would, however, like to point out that Sundays and other Gazetted holidays are treated as "dies-non" in calculating wharfage at Kantapuker also on non-shipment goods booked by the Railway. The Committee would, therefore, request you that if the Railways cannot treat the Howrah Bazar holidays as dies-non in respect of wharfage and demurrage charges, they should at least treat Sundays and gazetted holidays as such. The Committee trust that the suggestion made above would be found acceptable by you.

Copy of letter No. CR/10W/BG/ dated the 14th September, 1938.

From the East Indian Railway, to the Chamber.

RE:—TREATMENT OF HOWRAH BAZAR HOLIDAYS AS "DIES-NON."

Your letters No. 01563/01566 dated 3rd August, 1938.

I beg to state that the matter has been carefully considered, but I much regret my inability to agree to any increase in the number of days treated as "Dies-non" for purposes of wharfage and demurrage charges at Howrah under the existing rules.

ALTERATION IN THE SYSTEM OF RECRUITMENT TO GOVERNMENT POSTS
FOR ALLEVIATING UNEMPLOYMENT.

COPY of letter No. 1209-16/Com dated the 7th February, 1938.

*From the Government of Bengal, Department of Commerce and
Labour to the Chamber.*

I am directed to forward for information of chamber a copy of a letter No. L-1834 dated the 20th January, 1938 from the Government of India, Department of Labour, regarding the possibility

of alleviating unemployment by alterations in the system or systems of recruitment for Government Posts and to request that the views of your chamber on the various questions raised in the letter may be submitted to this Department not later than the 15th April, 1938.

ENCLOSURE TO THE ABOVE LETTER.

Copy of letter No. L-1834 dated the 20th January, 1938.

From the Government of India to All Provincial Governments.

SUBJECT:—Government recruitment and unemployment.

I am directed to address you regarding the effects on unemployment of Government's methods of recruitment, and the consequent possibility of alleviating unemployment by alterations in the system or systems of recruitment for Government posts.

2. The relationship between Government employment and higher education in India has long been intimate. The development of education in English and the creation of Universities were stimulated largely by the need of securing suitable candidates for official appointments; and the requirements of Government have exercised an influence over the development of education which has been increasingly deplored by many of those interested in higher education. The effect on unemployment of this relationship has received until recently much less attention; but it has unfortunately been important.

3. The Sapru Committee on Unemployment appointed by the Government of the United Provinces commence their discussion of Government service with the following observations:—

“Upon the evidence before us, we can entertain no doubt that the vast majority of the products of our universities—and their parents share the feeling—aim at securing some appointment or other in Government service. It is only when they fail to secure Government appointments that they think either of private service or some other profession.”

The Government of India understand that this view is shared by most of those who have intimate acquaintance with university education. So long as Government were able to absorb most of those who

received a higher education, the tendency to which the Committee refer, whatever its effects on education, did not result in creating unemployment. But in recent years the position has greatly changed. Government service can no longer absorb more than a small proportion of those who enter universities with the hope of obtaining it, and in consequence most of the students who emerge from the universities find themselves unable to attain the main end with which they pursued their studies. Further, it has become at that stage difficult if not impossible for many of them to find alternative employment suited to the training they have received. Thus a large number of students, who, if they had started to prepare earlier for some different form of employment, would have proved valuable members of society, find that their exertions and sacrifices, so far from enabling them to attain positions of responsibility, have made it much more difficult than it would otherwise have been for them to secure a livelihood.

4. The Government of India are compelled to recognize that these effects are traceable in a large measure to two tendencies both of which the Sapru Committee condemned. The first is the tendency to insist on certain educational qualifications and particularly university degrees as a *sine qua non* for Government service. The demand for such qualifications, which are often not essential for the adequate performance of the duties involved, has been a convenient method of keeping the number of candidates within manageable limits. The second tendency has been to fix the maximum age of recruitment unnecessarily high. The result of this is that candidates who might be adequately qualified for appointment at a pre-university age are obliged to go on to the university because they have little prospect of securing posts in competition with men who are several years older and who have had the advantage of a much longer education.

5. The most obvious methods of dealing with the situation are for Government to fix as far as practicable their own standards for admission and for them to lower, wherever possible, the age of recruitment. Both these remedies are proposed by the Sapru Committee who indeed contemplate the fixing of a pre-university age for all subordinate services. The Government of India have examined this last possibility, but they feel that there are serious difficulties in the way of its entire acceptance. There are many non-gazetted appointments in Government service which require a standard of general education and a command of English that can seldom be acquired without a university training. But the Government of India agree that the proposal of the Sapru Committee should be

adopted as far as is reasonably possible. They are engaged in a general reduction of the maximum ages now applicable for admission to their non-gazetted appointments and intend to ensure that, where the requisite qualifications can be secured without a collegiate course, the maximum age should ordinarily be 19 and that in other cases the age should be 21 unless there are exceptional circumstances necessitating the recruitment of older men. They are also examining the possibility of setting up their own standards for admission.

6. While measures taken on these lines should assist in discouraging youths from pursuing careers that are not likely to prove within their grasp, they are not likely to afford any adequate solution of the difficulty. The colleges will continue to be the main avenue to the better-paid posts, and in consequence many will feel impelled to pursue a course of education which can yield an adequate material return only to the few. The exclusion from the universities of the less qualified students has been discussed by many educationists, and favoured by some; but the Government of India do not believe that public opinion, at present at least, is prepared to support a course which would place obstacles in the way of those seeking a liberal education, even though the aspirant is likely to secure from it only a cultural gain. If this solution is inadmissible, the question arises whether Government can, by further modifications in its system of recruitment, do more to prevent the waste of talents and the frustration of hopes.

7. The Government of India believe that if it proved practicable to hold, at a pre-university age, an examination, success in which would be an indispensable preliminary to candidature for practically all official appointments, this would have most valuable results. What they contemplate is that there should be an examination to be taken at the age of 17 which would be of a competitive character, a definite number of passes or diplomas being offered each year. The number so offered would be based on Government's probable annual requirements of officials but would, of course, be substantially greater. It might amount to twice the number of the probable requirements. It would be possible, at this stage, to reserve a certain number of passes for adequately qualified candidates from minority communities. Success in the examination would give no right to a Government appointment; the ages and conditions of admission to the different services would be regulated, as at present according to the needs of each type. But failure in the examination would constitute a definite and final bar to Government service.

8. If such a scheme could be successfully operated, it should have the following results. In the first place, most of the successful candidates and their parents would know that the prospects of securing Government service were reasonably high, and they could embark on the necessary study with more confidence than they can feel at present. Even those successful candidates who subsequently failed to enter Government service would be more likely than the unsuccessful to obtain private employment in a profession, and the pass itself would probably prove of assistance in securing other posts. Secondly, and this is more important, those who failed would know that they must seek other careers and would be able to specialize accordingly. Some would not proceed further with their studies, but would secure employment in spheres where further academic education was not necessary; others would pursue the special training necessary for medicine, the bar, engineering, commerce, industry or other lines.

9. It is necessary now to consider possible objections to the scheme. These are of two kinds, theoretical and practical. The obvious theoretical objection to the scheme is that it might exclude the particularly capable boy who happens to be late in developing. There are boys who may not be near the front rank at 17 but who, given an opportunity, may develop into particularly good candidates later. To this there are several answers. In the first place experience shows that it is rare for those who do not reach the first rank at the present matriculation stage to develop to an extent that would enable them to secure superior posts at a later stage. Secondly, the number that would be successful in the examination, which would cater for all but inferior posts, would be so large that any one who, a few years later, would display exceptional ability, could hardly fail to secure some place. Thirdly, the need for first class men and the opportunities open to them are not confined to Government service. Government has hitherto absorbed an undue share of the more capable men, and politics, business and the learned professions require a large and increasing share of the best talent available.

10. A second possible objection is the potential effect of the scheme on the course of education in India. There is a risk that an examination which is an indispensable test for Government employment might exercise a dominating influence on school education and curtail the freedom of schools to modify their courses and experiment with new subjects and methods in endeavours to discover the best way of equipping their pupils to take their place in life. An unsuitable

examination would make this a serious risk and might even encourage instead of discouraging concentration on a purely literary education. But the Government of India believe it possible to devise an examination which an intelligent candidate, who had assimilated what must be the main subjects of any school curriculum, could face without special preparation, and one which would stimulate and encourage all true efforts of both teachers and pupils. A later paragraph of this letter outlines the kind of examination that the Government of India have in view. It may be added that the effect on higher education of greater freedom from the influence of Government's requirements should be wholly beneficial.

11. A further objection is that the proposal would involve, for those seeking entrance to Government service, on addition to the already lengthy list of examinations which students have to undergo at the present time. This objection, so far as it concerns successful candidates, is valid; but, for many of the unsuccessful, this examination would decrease instead of increasing the total number of examinations they have to face.

12. Turning to the practical difficulties, the most obvious is that of limiting the numbers sitting for the examinations to manageable proportions. Unless special steps are taken nearly all who now sit for matriculation would be tempted to present themselves for a test which offers to the successful a high prospect of Government employment and a virtual certainty of success in some professional sphere. A fee would of course be charged, but it could not reasonably be fixed at a level which would handicap the poorer students.

13. The question which thus arises is whether it is desirable to have some preliminary process of selection or whether it would be possible for any organization to handle the numbers which would otherwise appear. Possible methods of selection which the Government of India have considered are (1) to limit entrance to the examination to those who have passed some other examination, such as a School Leaving Examination or matriculation, and possibly to those who have distinguished themselves at that test; (2) an arbitrary limitation of the numbers in each province permitted to sit for the examination and the distribution of the places by provincial authorities. The objections to the first method are that it would introduce a feature with the Sapru Committee condemned and which the whole system is designed to avoid, *viz.*, the dependence of Government on external standards and that the provinces with the lowest standards

would gain an advantage in numbers. The objection to the second is that it does not remove the fundamental difficulty of selection but passes it on to the provincial authorities concerned. The Government of India would be glad to consider any alternative proposals for limiting numbers but, provisionally, they are inclined to the view that the examination should be open to all who present themselves and pay the fee. If, as the Government of India contemplate, only one attempt was permitted for each individual, this would act as some check on the numbers appearing.

14. Even so, to carry the scheme into effect would involve the establishment of a large examining organization. Examinations would have to be conducted in all provinces and in several centres in the more important provinces; and large numbers would present themselves at every centre, while the task of setting papers, ensuring secrecy, arranging for distribution, examining the answers, etc., would require elaborate machinery; but the Government of India do not think that there are any insuperable difficulties in the way. Experience suggests that the expenses would be largely or entirely covered by the fees and, even if at the start the numbers were very large, the keen competition and the high standard which successful candidates would have to attain would probably result, in a comparatively short time, in reducing the number of candidates.

15. A further difficulty is that of maintaining a uniform standard of examination when the test is held on an all-India basis and on the scale that would probably be necessary. Examinations of the traditional kind normally involve a large subjective element in that the results depend to a considerable degree, on the examiners. Assessments, even by the same examiner, are apt, as recent investigations have shown, to contain a large variable element. With a large number of examiners for each subject, the variations might be serious so that the results would be far from consistent. This would be unfair to candidates, would encourage excessive numbers to appear for the examination, and would reduce Government's chances of getting the best candidates available.

16. If these objections are to be met, it appears necessary to adopt a method of examination differing from those now normally employed in the public examinations in India. Thus the examination might partake more of the nature of an intelligence test and the questions should be as objective as possible. Recent investigations give grounds for believing that examination papers consisting of

comparatively long lists of straightforward questions to each of which there is only one brief answer which is correct would meet the need. The Government of India do not wish to reach any conclusion regarding the form of the examination at present; that would be a matter to be considered by experts later. But they mention this as offering a possible way of surmounting an obvious practical difficulty and of devising a test which might be more suited to the needs of Government than any of the examinations now conducted in India.

17. The effect of the scheme will clearly depend, to a considerable extent, on the number of Governments participating in it. The co-operation of all the provincial and Central Governments in its operation and in closing recruitment to all who failed to pass the test would go a long way towards making it a complete success. On the other hand, the restriction of the scheme to central recruitment would probably deprive it of a large part of its value, as it is probable that most of those working for Government appointments have in view the provincial rather than the central field. The Government of India therefore hope that the provincial Governments, if they regard the proposal as intrinsically sound, will be prepared to come into a joint scheme. At the same time, the adoption, if provinces so preferred, of similar but separate schemes by provinces and the centre would not destroy the anticipated effects of the proposal, and the complete abstention of some provinces would not prevent its adoption for recruitment in others and in the central sphere. The nature of the machinery to be set up would depend on the degree of co-operation secured; if the tests were to be common to the centre and a number of provinces, it would probably be necessary to convene a conference on which all the Governments concerned would be represented, to work out the details before setting up a permanent examination Board.

18. I am to request that after ascertaining public and expert opinion on this subject, the views of the provincial Government may kindly be sent so as to reach the Government of India not later than the 1st June, 1938. The main questions are:—

- (1) Is it desirable to have a competitive test, at a comparatively early age, success in which would be a necessary but not sufficient condition for entrance into Government employment?
- (2) Should there be any system of restricting entrance for the test?

- (3) Are the provincial Government prepared to adopt such a scheme and if so do they favour tests which would be common to them and the Central Government?
-

Letter No. 963 dated the 6th May, 1938.

From the Chamber to the Government of Bengal, Department of Commerce and Labour.

I am directed by the Committee of the Indian Chamber of Commerce to acknowledge your letter No. 1209-16/Com. dated the 7th February, 1938 forwarding a copy of letter No. L-1834 dated 20th January, 1938 from the Government of India, Department of Labour, regarding the possibilities of alleviating unemployment by alterations in the system or systems of recruitment for Government posts and have to state their views as follows:—

The Committee are of opinion that the object underlying the proposed scheme, viz., a reduction in the number of young men seeking Government employment, will not be achieved unless Government first decide the question of age of recruitment which is intimately connected with the scheme. The Committee note from the Government of India communication that this question is under their consideration at present and that they favour a lowering, wherever possible, of the age of recruitment. Unless a definite decision is reached on this point, the Committee feel that the mere addition of another examination involving elaborate organisation and consequent public expenditure will not lead to any solution of the problem. It has been stated in paragraph 7 of the letter and also in question (1) mentioned in paragraph 18 that success in the examination which the Government contemplate would not be a sufficient condition for entrance into Government employment which would, as at present, be regulated according to the needs of each type of Government appointments. In other words, the proposed diploma or pass would merely involve a duplication of examination, like that of the School Leaving Certificate, which has existed in some of the Indian Universities. The Committee do not consider that any satisfactory method could be devised for restricting admission for the competitive test (vide question (2) in paragraph 18) the Government themselves acknowledge this fact in paragraph 13 of their letter. In the absence of such restriction and in view of the fact that the number of diplomas offered would be nearly twice the number of the probable annual requirements of

officials, it is doubtful whether the scheme would really prove effective.

The Committee presume that the scheme proposed is intended to be applicable to subordinate and clerical services because so far as higher appointments and technical posts are concerned, the suggested examination cannot be operative. It is possible, for instance, that a young boy might fail in the Government diploma examination at the age of 17 but might later pass creditably an engineering or accountancy examination which would, under the present circumstances, qualify him for a suitable Government post. It would, therefore, be unfair to disqualify him from such a post on the ground of his having failed at a diploma examination which would, of course, be of a general nature and is obviously not meant for higher or technical posts.

It is well known that the number of persons who can be absorbed in Government service is proportionately small. The Committee are aware that with the establishment of Provincial Autonomy and the working of popular Governments in the Provinces, more patriotic young men would be attracted to Government service than hitherto. On the other hand, with the reduction in the scale of salaries as well as the growing industrialisation of the country, the attitude of qualified youngmen towards Government appointments has been gradually changing. It is obvious that a scheme which provides for the addition of another examination for those seeking entrance to Government service can hardly go far in the solution of the fundamental problem of middle-class unemployment. It is hardly necessary to re-iterate that only healthy and all-round economic development of the country can tend to relieve the large volume of unemployment and can provide an alternative source for absorption of middle-class talent and diminish the overcrowding in Government services. While, therefore, the Committee are sympathetic to the object underlying the proposed scheme, viz., alleviation of unemployment by altering the system of recruitment for Government posts, they are afraid that the scheme adumbrated at present would not help effectively to solve the problem.

THE QUESTION OF EMPLOYMENT OF RELEASED DETENUS.

Copy of letter No. 22182-8 X dated the 24th June, 1938.

From the Government of Bengal, Home Department to the Chamber.

SUBJECT:—Employment of released detenus.

I am directed to invite a reference to this office letter No. 1519-25 X dated the 13th January, 1938 forwarding a copy of the proceedings of the meeting held on 5th January, 1938 at Writers' Buildings about the employment of released detenus and to request that you will be so good as to inform Government if anything has been done towards relieving the unemployment of the released detenus. I am to add that the names of ex-detenus who have since been employed in any firm may also be furnished to Government.

Letter No. 01551 dated the 29th July, 1938.

From the Chamber to the Government of Bengal, Home Department.

I am directed to invite reference to your letter No. 22182-8X dated the 24th June, 1938 regarding employment of released detenus. The Committee had issued a circular to all the members of the Chamber enquiring what had been done towards the employment of the released detenus. The replies received to this circular indicate as under:—

Name of the Companies.	Number of released detenus employed.
M/s Birla Brothers	About 25.
„ Tata Iron & Steel Co., Ltd.	„ 2.
„ Scindia Steam Navigation Co.	„ 1.
„ National Insurance Co.	„ 3.
„ Bharat Insurance Co.	They have engaged several ex-detenus but it is difficult to find out the exact number out of the 5000 field workers of the Company.

I may add that in reply to the Circular Messrs. Tata Iron & Steel Company have stated that their system of recruiting clerical staff in

their sales Department is to appoint unpaid apprentices first and to take them on permanent posts whenever vacancy occurs. However, as most of the ex-detenus who apply for posts appear to be in search of paid employment, it is not to the advantage of the company to engage them in paid posts in preference to those who by undergoing a period of apprenticeship prove themselves to be more useful. I have further to state that the Indian Sugar Syndicate Limited of which Lala Karamchand Thapar, a member of the Committee of this Chamber is the Chairman have also engaged about two dozen ex-detenus in their office.

I am to assure that the matter of employment of released detenus is receiving attention of the Committee.

Copy of letter No. 28779-83 X dated the 7th September, 1938.

From the Government of Bengal, Home Department to the Chamber.

With reference to your letter No. 01551 dated the 29th July, 1939 regarding the employment of released detenus, I am directed to request that you will be so good as to furnish Government early with a list of ex-detenus whose names have not been given before by you and who have been taken in in different firms and industries connected with your Chamber upto 31st August, 1938.

Letter No. 2206 dated the 25th October, 1938.

From the Chamber to the Government of Bengal, Home Department.

In continuation of my letter No. 1551 dated the 29th July, 1938, I am enclosing herewith a list of the names of released Detenus employed by the firms mentioned therein, as desired.

CALCUTTA UNIVERSITY APPOINTMENTS AND INFORMATION BOARD.

Copy of letter No. B/4475 dated the 25th June, 1939.

From the Secretary, Appointments and Information Board, University of Calcutta to the Chamber.

I am directed to enclose a copy of the Report of the Appointments and Information Board with the request that the same may be placed

before the Committee of the Chamber. The Board would very much appreciate the observations of your Committee on the Report as that would be helpful to its future activities.

Letter No. 01374 dated the 7th July, 1938.

*From the Chamber to the Appointments and Information Board,
University of Calcutta.*

I am directed to acknowledge with thanks the receipt of your letter No. B/4475 of the 25th June, forwarding us a copy of the Report of your Board for the year 1937-38. The Committee of the Chamber note with interest the progress made by your Board during the first year of its working and are glad to learn that it is achieving its object of securing employment for educated young men of this Province with a view to provide business training for them.

The Committee are glad to note that, as mentioned in your Report, several Indian firms including some of the members of this Chamber have agreed to support the scheme. It is hardly necessary to add that the object underlying your scheme has the sympathy and goodwill of all Indian commercial firms and that your scheme will be brought to the notice of the members of this Chamber from time to time. Some of the members of the Committee of the Chamber have already expressed their willingness to utilise the machinery provided by your Board whenever it is possible for them to do so. It might be added, however, that a large number of educated Bengalee youths are also recruited directly by commercial firms particularly as the machinery provided by your Board is not yet so widely known. You will also appreciate that in certain cases direct recruitment is preferred by employers. The Committee, however, hope that as the activities of your Board become widely known, commercial firms will take increasing advantage of the machinery provided by it in connection with filling up of vacancies in their establishments.

The Committee would also like to add in this connection that the question of the employment of released detenus has also assumed considerable importance of late. The Government of Bengal themselves are keen that such employment should be provided by commercial firms and they convened a Conference of the representatives of commercial interests early this year for the purpose. They have also issued circulars on this question to the Chambers of Commerce inviting

their co-operation in this scheme. It may interest you to know that, to the best knowledge of the Committee, more than 50 such detenus have been employed recently by only three or four Indian firms. It will be appreciated that the openings in a commercial firm are, after all, limited and the filling in of posts by released detenus also tends to solve, however, inadequately, the question of unemployment of young men of this Province.

Apropos this question of the employment and training of young men, I am directed to say that the Committee recently addressed the Government of Bengal to provide facilities to apprentices for practical training in workshops which are patronised by the Government. I am enclosing a copy of the communication for the information of your Board. Perhaps your Board would also like to explore the possibilities of employment and training in this sphere and support the representation made by the Chamber to the Government.

I hope that the above observations will be of interest to your Board. I need hardly assure you that the Committee of this Chamber are in full sympathy with the aim of your Board and will continue to extend what ever co-operation they can in its working.

BEGGAR NUISANCE IN THE STREETS OF CALCUTTA.

Copy of letter No. S2234 dated the 22/23rd June, 1938.

From the Mayor of Calcutta to the Chamber.

I desire to address you on the question of measures to be adopted for dealing with the danger and nuisance due to the presence of beggars in the streets of Calcutta. It is unfortunately a common sight and experience now-a-days to find beggars suffering in some cases from dangerous and repelling types of diseases infesting the streets of the city. They move about apparently without let or hindrance soliciting in the busiest and most populous thoroughfares at all hours of the day and making themselves a nuisance to the citizens in a very real sense of the word. The Corporation of Calcutta has already taken cognizance of the nuisance and the danger caused by them. Suitable steps are in contemplation in collaboration with one of the principal Relief Organisations of the city.

It is obvious that whatever steps the Corporation can take under the present circumstances could be of a very limited character. On the one hand the problem has already assumed alarming proportions; on the other hand the present resources of the Corporation with the enormous demands on it, in the fulfilment of its primary obligations leave very little margin for expenditure on measures of this character. The total value of engineering contracts let out already in connection with the execution of the drainage re-organisation of the city, to give one illustration, exceeds Rs. 50 lakhs approximately.

It is evident that to meet this peculiar problem due to beggars, some special source of taxation or of enhancement of taxation will have to be explored. After mature consideration, the following source of taxation has suggested itself viz., to enhance the existing scale of the trade license under different heads to an uniform extent, viz., by $12\frac{1}{2}$ per cent. This will enable us to realise an additional sum of approximately Rs. 1,25,000. It is estimated that this sum will suffice to meet all the expenses, recurring and capital to run a "Beggars Home" or an Asylum for detention of diseased beggars or for a Work-House for able-bodied beggars. It is clear that this will go a long way to meet the present problem caused by the presence of beggars in the streets of the city. I am to request you to be so good as to let me know the views of your Chamber on this proposal as early as convenient. I might add that whatever views you forward will receive most careful consideration when the actual proposals are formulated and discussed in the Corporation.

Letter No. 1343 dated the 4th July, 1938.

From the Chamber to the Mayor of Calcutta.

I am directed to acknowledge with thanks the receipt of your letter No. S2234 of the 22nd June, 1938 addressed to the President of this Chamber. The Committee welcome the initiative taken by you to evolve suitable measures for dealing with the danger and nuisance due to the presence of beggars in the streets of Calcutta.

The Committee agree with you that the problem has assumed alarming proportions. It is only by legislation and by the help of Government measures that the problem can be tackled in its entirety. The Committee, therefore, appreciate your statement that the steps which the Corporation can take under the present circumstances

could only be of a very limited character. Apart from such steps as the Corporation may already be taking in collaboration with any relief organisations of the city to deal with the larger problem of housing beggars and finding work for them, it would be better for the Corporation to concentrate at first upon evolving measures to deal with the worst part of the problem namely that created by the presence in the streets of beggars suffering from dangerous and repelling types of diseases like leprosy. The Committee are, therefore, of opinion that a beginning should be made with efforts to run a Lepers' Home for the detention and care of beggars infested with leprosy and that a scheme should be prepared and placed before the Chambers and the other public bodies in order to enable the problem to be fully considered.

As regards the proposed uniform increase of $12\frac{1}{2}$ per cent in the existing scale of the fees charged for trade licenses, I am directed to state that the Committee are prepared to support this extra levy on merchants and traders provided that the scheme is administered by an independent Committee on which commercial interests are adequately represented through the Chambers of Commerce. When the commercial community is called upon to bear the cost of the proposed scheme, it is not only fair but essential that they should also be associated with the administration of the scheme. The Committee, therefore, trust while preparing the scheme you will kindly bear the above suggestions in mind.

I need hardly assure you of the full co-operation and sympathy of the Committee in the laudable move which you have made.

Letter No. 1575 dated the 4th August, 1938.

From the Chamber to the Government of Bengal, Home Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to forward to you herewith a copy of letter No. 1343 dated the 4th July, 1938 addressed by the Chamber to the Mayor of Calcutta in reply to his proposal to deal with the danger and nuisance caused by the presence of beggars in the streets of Calcutta.

The Government are no doubt aware that this problem has assumed considerable proportions. The presence on the streets of

large number of beggars suffering from dangerous and repelling types of diseases like leprosy has become a constant source of danger to public health and it is imperative that certain definite measures should be adopted early to deal with the situation. This question has been dealt with more than once by important public organisations and also received the support of the Government. As a matter of fact, Sir John Anderson, when he was Governor of the Province, took an active interest in the matter. It is, however, regrettable that no definite measures have yet been evolved to deal with the problem in a comprehensive manner. The Committee trust that in co-operation with important public bodies like the Corporation etc., the Government of Bengal will now be able to evolve a suitable scheme to deal with this growing menace particularly with regard to beggars infested with leprosy as these constitute a continuing danger to the citizens residing in Calcutta.

FACILITIES FOR INDIAN APPRENTICES FOR PRACTICAL TRAINING IN WORK SHOPS.

Letter No. 01078 dated the 31st May, 1938.

*From the Chamber to the Government of Bengal, Agriculture and
Industries Department.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the need of providing facilities to Indian apprentices for practical training in Workshops supplying stores to the Government. The Committee have to point out that a large number of Workshops are patronized by the Government in some way or other, and the Government should make a stipulation with such concerns that they should provide facilities to Indian apprentices for practical training in their Workshops.

The Committee understand that the Governments in some other Provinces have already taken action in this matter and resolutions have also been passed in some of the Provincial Assemblies in this connection. The Committee feel that if such arrangement for practical training is also made by the Government of Bengal, a large number of young men would come forward to take advantage of the same. Such a measure, in the opinion of the Committee, will also help to a considerable extent in directing an increased number of young men to commercial and industrial pursuits, and will therefore

have an important bearing on the question of middle class unemployment in the Province.

The Committee trust that the Government would accept their suggestion and arrange for practical training facilities to be given to Indian apprentices in Workshops or Offices owned, managed, or controlled by manufacturers and suppliers patronized by the Government.

Copy of letter No. 01688 dated the 25th August, 1938.

*From the Chamber to the Government of Bengal, Department of
Agriculture and Industries.*

I am directed to invite your attention to my letter No. 1078 dated the 31st May, 1938 regarding the necessity of providing facilities to Indian Apprentices for practical training in workshops and factories supplying stores to the Government. The Committee had emphasised that the Government should arrange early for providing such facilities but they regret that no action seems yet to be taken in the matter.

The Committee would invite the attention of the Government in this connection to a Resolution passed by the Bombay Legislative Assembly on January 27th last recommending to the Government to issue instructions to all departments of the government, semi Government bodies, Municipal Corporations and Municipalities to insert in all contracts and agreements with all manufacturers and suppliers for the supply of stores, materials, machinery or services a clause to the effect that the manufacturer concerned shall afford or procure as the case may be, facilities to Indian apprentices for practical training in factories or offices owned, managed controlled or patronised by them to enable the Indian Apprentices to acquire full knowledge of the technique of the trade, industry, calling or profession. The Committee would point out that the Government of Bombay have accepted the recommendations contained in this resolution and have directed all departments of Government, heads of departments and the heads of offices subordinate to them to give effect to it. They have also requested the Municipal Commissioners in the city of Bombay to bring the recommendations contained in the resolution to the notice of the Corporation while the collectors of the districts have been asked to take similar action as regards local bodies in their jurisdiction.

The Committee need hardly point out the necessity of such action being taken in this province. The question of unemployment among the educated young men of the province has become very acute and the Committee believe that such a measure would help to a considerable extent in attracting an increased number of young men to commercial and industrial pursuits. The Committee trust the Government of Bengal would accept the suggestion made by them in their letter dated the 31st May, 1938 referred to above and arrange for providing facilities for practical training to Indian apprentices in workshops supplying stores to the Government.

PROVISIONS IN THE GOVERNMENT OF INDIA ACT, 1935, PREJUDICIAL
TO INDIAN TRADE, COMMERCE AND INDUSTRIES.

Letter No. 1207 dated the 20th June, 1938.

*From the Chamber to the Federation of Indian Chambers of
Commerce and Industry.*

The Committee of the Indian Chamber of Commerce, Calcutta, have received a communication from the Buyers' and Shippers' Chamber, Karachi, regarding the advisability of the Federation making an authoritative declaration of the views of the Indian commercial community on the question of the Federal Constitution, especially in view of the impending departure of His Excellency the Viceroy for England. The Committee are of opinion that the Federation should at the present juncture give expression to the opinion prevailing in the Indian commercial community in regard to those aspects of the new Constitution which concern trade, commerce and industry in India. The Committee favour this course particularly because economic and financial questions are apt to be overlooked in any negotiations that might take place regarding the revision of the Federal part of the Constitution. It is, therefore, essential that the most representative organisation of Indian commercial and industrial interests should draw the attention of both the Government of India and the Indian National Congress to the various objectionable features of the new Constitution which severely restrict the fiscal autonomy of the country and make it well-nigh impossible for the Government in future to devise and follow economic and fiscal policies essential for safeguarding and promoting Indian commercial and industrial interests, especially where they happen to conflict, as they often do, with British interests. Instead of reserving such legislation for the

consideration of the Governor General or His Majesty, the legal competence of the legislature itself is denied and its powers whittled down. The Committee do not propose to deal at length with all the various objectionable features of the new Constitution, as they are well-known and as they have also been pointed out by the Federation and the various Indian commercial bodies from time to time. They would, however, briefly summarise some of the points on which, in their opinion, attention should be focussed and which should receive consideration in any revision of the Constitution :—

(i) Apart from the fact that the representatives of the people will continue to be deprived of any power either over defence or over foreign policy, the major portion of the expenditure will also be entirely outside popular control. The reserved side of the Federal Government which will be controlled by the Governor-General, will handle about 90 per cent of the Federal expenditure.

The special responsibilities of the Governor-General include “the safeguarding of the financial stability and credit of the Federal Government” (Section 12(1) (b)). The Governor General is also entrusted with several powers of discretion which may not only involve expenditure charged upon the revenues of the Federation but which also give him plenary powers to interfere with and override the policy pursued by his Ministers (Section 12(1) (e)). These are very wide and undefined powers which are likely to conflict with the sphere of responsibility of the Ministers of the Federation.

Considerable powers are also granted to the Governor-General for overriding the Legislative Assembly in matters of finance. Any item of expenditure which is “authenticated by the Governor-General as authorised expenditure may be required to be granted by the Assembly upto the amount originally specified in the financial statement, whether the expenditure is of the class which the Assembly is entitled to vote or not, (Sections 35 and 36). No demand for grant of any item of public expenditure can be made in the Legislature “except on the recommendation of the Governor-General.” (Section 34(4).

(ii) The Act provides for the appointment of a Financial Adviser to the Governor-General. He would not be a member of the Ministry and would be responsible to the Governor-General thereby impinging upon the powers of the Finance Minister. (Section 15).

(iii) Certain items of expenditure have been included in the list of those charged upon the revenue of the country and are, there-

fore, non-votable by the Legislature. These tend to curtail the right of the Legislature to review financial policy and to make suggestions on reserved or excluded Departments (Sections 34-36). The items of expenditure thus "charged upon the revenues of the Federation" absorb over 90 per cent of the Federal budget which are those beyond the Legislature's purview.

(iv) *Currency and Exchange*.—The Legislature and the Ministers will not have the final voice in determining the currency and exchange policy of the country which has a vital bearing on its economic development. For, over and above the Governor-General's usual power of veto, his previous sanction would be essential for legislation with respect to Reserve Bank, currency and coinage. (Sections 152-153).

(v) *Federal Railway Authority*.—This body will work almost like a State within a State, independent of and uncontrolled by the Federal Legislature; it will not be answerable to the Legislature and will be far less amenable to legislative control than even the present Railway Board. Its constitution, functions and powers are such as to deprive the Legislature of the power to direct and influence railway policy or scrutinise railway budget. (Sections 181-189).

(vi) The fact that External Affairs will be a reserved subject in sole charge of the Governor-General will prejudicially affect the power of the Indian Legislature to conclude trade agreements and will seriously restrict, in effect, fiscal autonomy. The Federal Government will not be under any constitutional obligation to place such trade agreements before the Legislature for their ratification just as the present Government decline to give an undertaking to place the Indo-British Trade Agreement before the Central Legislative Assembly. The so-called Fiscal Autonomy Convention will have no meaning unless it is stipulated that no trade agreement on behalf of India shall be signed by any party without its ratification by the Indian Legislature.

(vii) The stringent provisions with respect to commercial discrimination are no doubt well-known but they might be briefly referred to here. These provisions are designed to safeguard completely not only the existing British vested interests but also all future British interests in as comprehensive and rigid a manner as is possible. They are unprecedented and have no parallel in any Constitution of the world including the Constitutions of the British Dominions. In

fact, Sir N. N. Sircar, Law Member of the Government of India, stated during the course of his speech in the Legislative Assembly on the Insurance Bill last September that it is a question "whether at the present moment any country is prepared to allow its nationals to compete with foreigners on absolutely equal terms." The inequitable and detrimental character of these provisions was fully realised during the consideration of the Insurance Bill. It was evident that the provisions of the Constitution which lay down that British Companies will automatically be "deemed" to be Indian Companies if asked to comply with stipulations regarding capital, directorate, deposit etc. rendered impossible and legislative or administrative protection of Indian Insurance Companies. Moreover, even non-British companies belonging to countries where Indians are either banned or suffer racial discrimination cannot be differentiated, if they are but registered in the United Kingdom. There is no provision either for the safeguarding of key industries or for grant of subsidy to an incipient Indian enterprise as against an established British concern. In brief the commercial safeguards make it impossible for the adoption of any effective measures to protect and promote Indian national industries, especially when they are threatened by British competition within or without the country.

In addition to the Governor-General's special responsibilities to see that provisions with regard to discrimination, as laid down in the Act, are duly carried out (Section 12(i)(e)), it is also his duty to prevent any action which would subject goods of United Kingdom or Burmese origin imported into India to discriminatory or penal treatment (Section 12(i)(f)). This provision is added to the whole Chapter III of Part V of the Act in order to prevent any administrative discrimination or discrimination in form instead of in fact. A careful study of these extraordinarily wide and unduly stringent provisions shows that India can adopt no measures against British competition which the Governor-General cannot, in effect, stultify or veto whether in the legislative or administrative sphere.

It is essential to contrast the very first Section (Section 111) of the Chapter on discrimination guaranteeing free entry and domicile to British nationals with the clause in the new Income Tax Bill which makes a distinction between domicile and residence and exempts those whose "Central control and management of affairs is situated wholly without British India." In other words, where civic rights are concerned, the Britishers want to be treated on the same basis as Indians but where either privileges or duties and burdens of citizen-

ship are concerned, they desire to be treated as a distant class subject to preferences and exemptions.

Apart from the principle of having no discrimination in the matter of taxation (Section 112), the Federal or Provincial Legislatures are precluded from making any discrimination against companies incorporated in the United Kingdom before or after the passage of the Act and for this purpose lays down that such companies "shall be deemed to comply" with such provisions as are imposed in regard to companies trading in British India with or without doing so. (Section 113).

The principle of reciprocity provided in this and other sections is, of course, entirely devoid of any value. There are hardly 40 Indian concerns operating at present in England while the amount of British Capital operating in India is colossal and British interests are dominating in export and import trades, coastal and overseas shipping, banking and insurance, tea, jute, coal, oil etc., as well as in several public utility concerns. There can, therefore, be no question of reciprocity between British and Indian economic interests.

Similar provisions are also made in regard to companies incorporated in India which are placed on the same basis as companies registered in U. K. but carrying on business with India (Section 114).

It appears, however, that shipping has been singled out for special treatment partly because the whole question of equality of trading rights arose out of the Indian demand for coastal reservation, partly because shipping is a vital industry for Britain and partly because India's home waters and domestic sphere of trade are dominated by non-Indians. All legitimate and recognised methods of developing this important industry including those adopted even by several British Dominions such as coastal reservation or licensing or subsidy are henceforth rendered absolutely impossible for India (Section 115 and 116(3)).

Even as regards the grant of subsidies and bounties, companies incorporated in the United Kingdom and carrying on business in India would be eligible for any grant of bounty or subsidy etc., payable out of the revenues of India for the encouragement of trade or industry in the same manner as companies incorporated in British India (Section 116). This is an unheard of provision because it extends the benefit of State assistance to those who are neither

domiciled nor resident in the country and because it benefits equally Indian enterprise struggling for existence as well as British enterprise against which it claims protection. Neither any key industries nor any incipient Indian ventures of national importance can be directly encouraged by means of subsidies out of India's own resources without precisely the same benefit being extended to the corresponding enterprise of Britishers in India. The whole basis of Indian industrial development and tariff policy has been thus completely undermined by these provisions which can never be acceptable to the Indian commercial community.

The Committee have further to point out that several other features of the new Constitution such as the diarchy at the Centre, the perpetual veto of the Princes on any constitutional advance, the procedure of indirect election, equal powers of the two Legislative Chambers in financial matters etc., are also objectionable. The Committee trust that the above brief analysis of the economic and financial aspects of the Federal Constitution will receive the careful attention of the Federation and that they will represent the matter in the manner they consider best.

ADEQUATE POLICE ARRANGEMENTS IN TOLLYGUNGE.

Copy of letter No. 00743 dated the 2nd April, 1938.

From the Chamber to the Commissioner of Police, Calcutta.

I have to invite reference to your letter dated the 16th December, 1937, regarding adequate Police arrangements in the Tollygunge area of the city. I regret to note that no action has been taken in the matter till now. As the residents in the Tollygunge area are put to unnecessary harassments in the absence of proper police arrangements I have to request you to kindly make suitable arrangements for placing at least two constables on the night duty in that area.

Copy of letter No. 4912 dated the 11th May, 1938.

From the Commissioner of Police to the Chamber.

With reference to your reminder dated the 2nd April, 1938 inviting attention to your letter dated the 16th December, 1937 regard-

ing adequate police arrangements in the Tollygunge area of the city, I write to say that we have gone up to Government for an increase of strength to police in this area.

Letter No. 1449 dated the 18th July, 1938.

From the Chamber to the Commissioner of Police.

I am directed to invite reference to your letter No. 4912, dated the 11th May, 1938, regarding adequate police arrangements in the Tollygunge area. The Committee were informed in their letter that you had approached the Government for an increase of strength to the Police in this area. The Committee have to point out that cases of dacoity still occur in the Tollygunge area but no steps seem to have been taken to make adequate police arrangements in the area. The Committee are aware that one police constable has been posted by the Eastern side of Tolly's Nallah but in other Tollygunge areas specially on the Chetla Road, where several cases of dacoity occurred in the past, no police constable has been placed.

The Committee need hardly emphasise that under the circumstances, there is considerable danger to the lives and property of the residents in these areas and they would therefore request you to kindly see that immediate steps are taken to make adequate police arrangements in the area, especially about Chetla Road.

Letter No. 1447 dated the 18th July, 1938.

From the Chamber to the Government of Bengal, Home Department.

The attention of the Committee of this Chamber was drawn to certain cases of dacoity that occurred in the Southern parts of the city of Calcutta. The Committee understand that these Southern parts of the city being sparsely populated, and interspersed with Bungalows, gangsters find an easy scope to extend their activities in these areas. The Committee had addressed a letter to the Commissioner of Police of Calcutta in this matter in which they described the cases brought to their notice. The Commissioner of Police made enquiries in the matter and informed the Chamber that he had approached the Government for an increase in the strength to the Police in this area.

The Committee need hardly emphasise that under the circumstances mentioned above, there is considerable danger to the lives and property of the residents in these areas, and they would therefore request the Government to sanction at an early date the desired increase in the strength of the Police in the Tollygunge area.

The Committee trust the matter will receive your early attention.

Copy of letter No. 7222 dated the 23rd July, 1938.

From the Commissioner of Police, to the Chamber.

With reference to your letter No. 01449 dated the 18th Inst. regarding adequate police arrangements in the Tollygunge area, I write to inform You that sanction of Government for an increase of staff for the purpose has not yet been received. The local police have been advised of your complaint.

Copy of letter No. 7562 dated the 4th August, 1938.

From the Commissioner of Police, to the Chamber.

With reference to your letter No. 01449 dated the 18th ultimo I write to inform you that no Dacoity Case has been reported from the Tollygunge area (Calcutta Police Jurisdiction) since 22nd September, 1937. There were only three cases of petty thefts during the last three months in two of which the culprits were apprehended and dealt with according to law.

As regards Chetla Road I may mention that this area is patrolled during the day by Traffic Police Constables and at night there is always a patrol from the Chetla Out-Post.

This is generally a very quiet locality and there is seldom any case of burglary or theft.

Letter No. 01763 dated the 5th September, 1938.

From the Chamber to the Commissioner of Police.

I am directed to refer to the correspondence resting with your letter No. 7562 of the 4th August, 1938 regarding adequate police arrangements in the Tollygunge area. While the Committee appreciate

the distinction drawn by you between the dacoity cases and cases of thefts, the very fact that there were three cases of thefts during the last three months in the Tollygunge Area goes to show that police arrangements need to be tightened up. The Committee have, moreover, again received a letter from the Marwari Rice Mills Association complaining that some dacoits made their way on the night of the 30th August in the Guddy of Babu Ratanlal Mohta, New Basti, Tollygunge and by gagging and threatening those present there took away whatever cash they could get hold of. The matter, the Committee understand, has already been reported to the Behala Police Superintendent and a letter has been addressed to you also direct by the Marwari Rice Mills Association. The Committee very much regret to note that in spite of the fact that they have been drawing your attention to the immediate necessity of making adequate police arrangements in the Tollygunge Area ever since April, 1937, they continue to receive complaints from members about the inadequacy of such arrangements and about the happenings of such occurrences. By your letter No. 4912 of the 11th May, 1938 you had informed the Committee that you had approached the Government for an increase of strength of the police in this area and they were under the impression that the matter was being proceeded with. They, however, regret to note from your letter dated the 23rd July, 1938 that nothing has so far materialised and indeed from your letter of the 4th August, under reply it appears that you are satisfied with the present police arrangements in the Tollygunge Area. The most recent occurrence however, cited above would show that the lives and property of the residents in that area are not yet adequately protected. The Committee deplore that so much delay should occur in making satisfactory arrangements for the protection of the lives and property of the residents of the Tollygunge Area.

The Committee trust that you will kindly take immediate steps now to press the Government to increase the strength of the police and pending such sanction, to make adequate temporary arrangements to assure protection to the residents.

Copy of letter No. 9130 dated the 17th September, 1938.

From the Commissioner of Police to the Chamber.

With reference to your letter No. 01763 dated the 5th inst. on the subject of adequate police arrangements in the Tollygunge area

I write to inform you that a proposal is pending with Government to increase the strength of the Tollygunge P. S. by 2 Sub-Inspectors, 1 Assistant Sub-Inspector, 2 Head Constables and 12 Constables.

Letter No 2073 dated the 5th October, 1938.

From the Chamber to the Government of Bengal, Home Department.

I am directed to invite reference to this Office letter No. 1447 dated the 18th July, 1938 drawing attention of the Government to the necessity of increasing at an early date the strength of the police in the Tollygunge area. The Committee regret to note that the Government have as yet taken no action in the matter. The Committee may point out that very recently some dacoits made their way in the Guddie of Babu Ratanlal Mohta, New Basti, Tollygunge, by gagging and threatening those present there took away whatever cash they could get hold of. As stated in my letter referred to above such cases of dacoity frequently occur in this area and there is considerable danger to lives and property of the residents on account of the same.

The Committee learn from the Commissioner of Police, Calcutta, that a proposal to increase the strength of Tollygunge Police by two Sub-Inspectors, one Assistant Sub-Inspector, two Head Constables, and 12 constables is pending with the Government since a long time. They would therefore, urge you to kindly sanction the proposal at an early date.

An early reply will oblige.

APPOINTMENT OF A NON-INDIAN AS SUPERINTENDENT OF
INSURANCE UNDER THE NEW INSURANCE ACT.

Telegram dated 11th May, 1938

*From the Chamber to the Government of India Department of
Commerce.*

Committee Indian Chamber of Commerce regret Governments announcement regarding appointment of Mr. Thomas as Superintendent of Insurance and strongly protest against selection of Non-Indian for the post. Importance of appointing an Indian to this post was repeatedly emphasised during discussion on Insurance Bill in Central

Legislature and has been urged by Indian Insurance interests stop such appointment in disregard of Indian Public and Commercial opinion is particularly objectionable when there is no dearth of capable Indians for the post stop committee constrained to observe this appointment is one more illustration of recent tendency of Central Government to appoint Non-Indians to responsible positions contrary to policy of Indianisation accepted by them.

INDIANISATION OF SUPERIOR POSTS UNDER THE GOVERNMENT OF INDIA

Letter No. 1437 dated the 16th July, 1938.

From the Chamber to the Government of India, Home Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you in connection with some of the appointments recently made of non-Indians to important positions and generally on the question of the Indianisation of services. As Government are no doubt aware, the question of Indianisation is one on which all sections of public opinion in the country are not only united but also hold very strong views. It was in recognition of this unanimous desire of the people of India that the assurance of "closer association of Indians in all branches of the Central and Provincial Administration" was conveyed to them as early as 1919 at the time of the passage of the previous Government of India Act. Whereas even this assurance which falls far short of the wishes of the people, does not appear to have been ever accepted by the Government of India as the normal course to be followed, events in recent years unmistakably show that the policy of the Government of India in this respect has been quite contrary to the assurance cited above. It appears that instead of pursuing even the inadequate policy of 'closer association' of Indians with the administration of the country, the claims of Indians in higher and important posts seem to be consistently overlooked and ignored. This has raised serious misgivings in the public mind as to whether the Government of India are not trying to secure all key positions for Britishers in view of the advent of Provincial Autonomy and constitutional changes at the Centre.

The Committee first refer to the permanent services. While it may be true that a large number of Indians are being yearly recruited to the Indian Civil Service, the number of Indians holding higher positions in the Secretariat of the Government of India is negligible.

While the Defence Department has always been treated as practically closed for Indians, some of the other departments of the Government have also recently tended to exclude Indians from responsible positions. In the erstwhile Foreign and Political Department, for example, which was recently converted into two separate Departments viz. the External Affairs Department and the Political Department, the position is no better. It was understood at least after the Report of the Lee Commission that at least 25 per cent of the annual recruits to these Departments would be Indians. But between 1924 and 1930, of 47 recruits only 5 were Indians, and since 1931 not a single Indian has been taken. The Railway Board affords another striking example of this policy of discriminating against Indians. In defiance of the virtual undertaking given by Sir Basil Blackett that there would be an Indian on the Railway Board, the term of Sir P. R. Rau, who held the post of the Financial Commissioner of Railways with great distinction, was not extended and ever since his departure the Board has had no Indian as its Member and consists at present exclusively of non-Indians. In the Education Department, though the position is not so unsatisfactory as in other Departments, the claims of a senior experienced Indian for the post of the Director-General of Medical Services were recently overlooked in favour of a non-Indian who now occupies the post. As regards the post of Educational Commissioner, no Indian has uptill now been considered qualified enough to fill it. Even in the Imperial Council of Agricultural Research the post of Vice-Chairman, which was held by a distinguished Indian officer is now filled by a Britisher, who is only an agricultural expert without wide administrative experience, though the post of the Vice-Chairman has always been considered as an administrative post. This policy is visible even in respect of the comparatively less important posts, where the claims of senior Indian officers have been brushed aside to make room for foreigners. The posts of the Principal Information Officer and the News-editor of the Delhi Casting Station are instances in point.

Apart from the permanent services, however, it appears that every available opportunity has been sought and utilised by the Government of India recently to bring in and "associate" as many non-Indians as possible with the administration of the country. Indians have been systematically kept aloof from all Enquiry Committees and Commissions for the last few years. When Sir Otto Nimeyer was called to examine the financial position of the Provinces vis-a-vis the Federal Government, the Government of India did not consider it advisable to associate any Indian with him. Then came the Income Tax

Enquiry Committee which was originally intended to be composed of two Britishers, entirely unfamiliar with the laws, customs and conditions in the country and it was only for fear of public agitation that an Indian Income Tax Officer was ultimately associated with them.

This was followed by the appointment of Sir John Russel and Dr. Wright to conduct the Enquiry into agricultural conditions in India even though it could hardly be said that agricultural conditions in the United Kingdom from which these experts came, and in this country were similar. The Educational Enquiry by Messrs. Wood and Abbot is another illustration of this policy. But perhaps the most important Enquiry Committee of recent times from which Indians were excluded was the Railway Enquiry Committee. The Government of India brought together a few experts from England and from South Africa to constitute their Committee to enquire into the conditions of working of the Indian Railways which constitute such an important and vital asset of the country. The Committee need hardly point out that this action of the Government of India was almost unanimously condemned by the whole country. The Committee would also like to refer to the attempts which are at present being made to bring in another batch of experts from England to enquire into the use of XB engines over Indian Railways as a result of the enquiry conducted by Sir John Thom into the Bihta disaster. It is indeed surprising that in spite of the huge organisation which the Government of India are maintaining for the administration of this large country, they cannot find in this country a single Indian, or for the matter of that even a non-Indian, competent enough to conduct enquiries into the various problems facing the country. The argument often used by the Government of India that these "experts" from foreign countries bring fresh outlook to bear upon the problems without being biassed one way or the other is hardly a plausible argument. On the contrary, it would be readily apparent that the problems could be tackled in a more efficient and thorough manner by persons having intimate knowledge of them in relation to the conditions prevalent in the country. It is borne out by the results of the various expert enquiries that this plea of "expert knowledge and fresh outlook" is entirely untenable and the public in India can no longer be misled to accept such reasons. The findings of the Income Tax Enquiry Committee, to give an illustration, betray at certain places ignorance of the Hindu and the Mohammadan laws as prevalent in the country. It is also generally felt that the Report of the Railway Enquiry Committee also failed to grasp the fundamentals

of the situation and to go to the root of the problems. The Committee very much regret that the interests of the Indian tax payer who has ultimately to shoulder the financial burden of these Enquiry Committees and Commissions are ignored by the Government of India.

It is, however, not only these temporary visits of experts that the tax payer is called upon to finance. In many cases the expert enquiries have been followed up by the importation of a number of other experts called upon to fill up important posts created as a result of these expert enquiries. The Committee would only mention the case of the Economic Adviser to the Government of India special Income Tax Adviser and the Insurance Superintendent all of which important posts have been filled up by non-Indians called specially for the purpose from England. The Committee refuse to believe that such posts could not have been filled up by competent Indians. Apart from these important posts, however, it appears the Government of India are taking advantage of every possible opportunity to import foreigners. They would refer to the recent announcement regarding the appointments of Mr. John Sargent as the Education Commissioner and of Sir Leonard Woolley as an Archaeological expert. It is worth mentioning that the action of the Government of India in the matter of the appointment of the Education Commissioner was strongly criticised by all sections of public opinion irrespective of political or other differences. It only shows the widespread dissatisfaction which is prevalent in the country against this systematic policy of discrimination against Indians in their own country which is being followed, and the Committee trust that the Government will not fail to take cognisance of this feeling of resentment in the public. The Committee have no doubt that the Government of India are aware of widespread unemployment among educated Indians. But all efforts to deal with the problem of unemployment among the educated youngmen and women are a mockery so long as opportunities for the utilisation of Indian talent are never availed of and almost on every conceivable occasion, Britishers either residing in this country or imported from abroad, are given posts of responsibility even superseding the just and legitimate claims of duly qualified Indians. It is, however, not only from the narrow point of view of employment for a few Indians that the Committee are addressing the Government, but from the wider and more important point of view of the administration of the country being conducted through its own nationals. It is time that the Government of India took cognisance of the changed political situation in the country and ceased to antagonise Indian opinion further on this important question.

The Committee, therefore, strongly urge the Government of India to abandon the policy of importing non-Indians for important posts and to assure the Indian public at the earliest opportunity of their adherence to the policy of Indianisation.

INDIANISATION OF THE IMPERIAL BANK SERVICES.

Letter No. 01616 dated the 10th August, 1938.

From the Chamber to the Imperial Bank of India.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you in connection with the question of the Indianisation of the Bank's services. At the time of the passing of the Imperial Bank of India Bill in 1920, an assurance was conveyed to the Indian public that proper and effective steps would be taken for Indianisation of the Bank's services. The Committee, however, understand that out of the 202 officers in the services of the Bank, there are only 25 officers at present who are Indians. The Committee are aware of the fact that the number of officers in the Bank has been reduced from 310 to 202 in 1937 and that Indian staff Assistants have been entrusted with the duties previously performed by these officers, but they are of the opinion that the Bank is not following to any appreciable extent the policy of recruiting officers from the Indian staff assistants, as evinced from the number of Indian officers in the service of the Bank at present.

The Committee would point out that in view of the pledge contained in Sir Malcolm Hailey's speech about Indianisation and particularly because a large number of Europeans have already been employed in the Bank, the Indian public has been under the impression that new appointments of Europeans in the services of the Bank had ceased. As Dr. Ziauddin Ahmed in the course of the debate in the Assembly on the Imperial Bank of India (Amendment) Bill, in 1934, remarked from the Report of the Staff Assistants of the Bank, "it was doubtful if proper work would be found even after a number of years for the European officers already taken in." The Committee are, therefore, constrained to point out that during the past few years the Bank has appointed 14 new European officers along with an equal number of Indians in the staff of the Bank. The Committee further learn that five European probationer officers have also been appointed on 5 years probation to be taken in the grade of officers after that time.

The Committee need hardly point out that the Imperial Bank of India is not a private concern under the Indian Companies Act but a Bank established by a special Statute, and has prospered as a result of being the Government's Bank, holding large reserves without paying interest or paying very little. Even at present when the Reserve Bank of India has been established, the concessions granted to the Imperial Bank of India outweigh the services it renders as the agent of the Reserve Bank. The Committee would, therefore, emphasise that in view of the special concessions enjoyed by the Imperial Bank, it is nothing less than an obligation on the Bank at least to follow the pledge given at the time of the establishment of the Imperial Bank about Indianisation of the Bank's services. The Committee would refer here to the recommendation of the Fiscal Commission that 'where Government grants anything in the nature of monopoly or concession where public money is given to a company in the form of any subsidy bounty or where a license is granted to act as a public utility company, it is reasonable that Government should make certain stipulations.' Moreover, the Indian Central Banking Enquiry Committee when they recommended that the Imperial Bank should be Agents of the Reserve Bank of India for a period, indicated two special conditions to any such agreement. These were:—

- (1) 75 per cent of the Directors of the local board and a majority of the Directors on the Central Board should be Indians;
- (2) No further recruitment of non-Indians to the staff of the Imperial Bank should be made, except in special cases and with the approval of the Finance Minister of the Government of India.

The Committee are not aware why these recommendations of the Central Banking Enquiry Committee have not been followed by your Board. The Central Banking Enquiry Committee further says,

"the question of Indianisation of the staff of the Imperial Bank of India has been pressed before us. The Bank has already inaugurated a scheme of training young Indians which is described in the evidence of the Managing Governor of the Imperial Bank of India. We have been told that Staff Officers of the Bank are now to an increasing extent being promoted from the Assistants trained in the Bank under the probationers' scheme."

The number of Indian officers in the employment of the Bank at present is, however, a sad commentary on the policy of Indianisation if at all followed by the Bank.

The Committee are further constrained to note that the Bank still advances the plea about higher efficiency of European officers and about the best interests of the Bank served by them and would point out that the idea that Indian officers cannot replace European officers in responsible posts has been long since disproved and it is surprising that the Bank has deemed it fit to resort to that ground at the present day. As your Board may be aware even Indian Banking institutions which can compete with any foreign institution in India and are entirely managed by Indians have grown up in the country. The Committee, are therefore, not prepared to believe that the policy of appointing Indian officers on responsible posts in your Bank would prove detrimental to the best interests of the Bank, and they deplore the policy of the Bank in appointing no Indians to higher appointments carrying the special pay and allowances which are given to European Officers. The supervising Indian Assistants are called upon to shoulder equal responsibilities with junior officers without commensurate rights and responsibilities in the grade, pay, allowance and other benefits of service enjoyed by the officers. The Committee also learn that their chances of promotion, however to the officer's grade are extremely meagre. The Committee would again refer to the Report of the Staff Assistants mentioned above wherein it is stated that "while the Bank has thus been stubbornly refusing to provide even living wages to the vast number of its Indian employees, it has provided for the European staff and a handful of Indian officers salaries and allowances and other amenities, which put to shame even the Lee concessions." Without entering into the details about the distinctions maintained between the European and Indian officers and the number of restrictions on the Indian officers, the Committee would point out that the European Assistants who are recruited from England do not often hold any special qualifications and are required to be trained after coming to India by the Indian members of the staff. The Committee, therefore, fail to appreciate how these officers entirely ignorant of Indian conditions and out of touch with Indian commerce can promote the interests of the Bank better than experienced Indian officers.

In view of the statutory privileges that the Imperial Bank enjoys, the Committee are of the opinion that the Indian public has a right to demand that the Imperial Bank should cease to import more European officers and should follow a policy of Indianisation of its service in

accordance with the assurance conveyed to the public at the time of the inauguration of the Bank. The Committee would also draw the attention of your Board to the fact that the political and economic conditions in the country have of late completely changed and no company which has been granted special concessions and privileges by Government can afford to neglect any longer the demand of the public regarding complete Indianisation of its services. The Committee, therefore, request your Board to give an early assurance to the public that the policy accepted by the Bank regarding Indianisation of its services has not undergone any change and that in following the same the Bank will try to remedy the present situation when there are only 25 Indian officers out of the total 202 officers, by not appointing any more European officers in the service of the Bank.

Copy of letter No. 2867 dated the 15th August, 1938.

From the Imperial Bank of India, to the Chamber.

We have to acknowledge receipt of your letter of the 10th instant, on the subject of the Indianisation of the Bank's Staff, which will be placed before the Central Board of the Bank in due course.

2. In the meantime we shall be glad if you will kindly furnish us with the following:—

- (1) A copy of the constitution, rules and regulations of your Chamber.
 - (2) A list of the present office bearers.
 - (3) A list of the members of your Chamber.
-

APPOINTMENT OF A NON-INDIAN AS A SUGAR ENGINEER AT THE
IMPERIAL INSTITUTE OF SUGAR TECHNOLOGY.

Telegram dated the 2nd July, 1938.

From the Chamber to the Imperial Council of Agricultural Research.

Committee Indian Chamber strongly resent reported appointment of one Mr. Abbot from glasgow as sugar engineer for sugar technological Institute Cawnpore Stop Committee Protesting separately to

Government against General Progressive Deindianisation of services stop meanwhile they urge Imperial Council not sanction appointment of any non-Indian particularly when no dearth of competent Indians available.

Copy of letter No. D688/38/A C. dated the 3rd July, 1938.

From the Imperial Council of Agricultural Research to the Chamber.

With reference to your telegram dated the 2nd July 1938 regarding the appointment of a Sugar Engineer at the Imperial Institute of Sugar Technology, Cawnpore, I am directed to say that appointments at the Institute are made by the Government of India and not by the Imperial Council of Agricultural Research. I am to add that the report that a Mr. Abbot of Glasgow has been appointed, is quite incorrect, nor is it contemplated.

THE APPOINTMENT OF AN EUROPEAN AS AGENT IN BURMA.

Telegram dated the 12th September, 1938.

From the Chamber to the Government of India, Home Department.

Attention of Committee Indian Chamber drawn to press reports that Mr. Henderson appointed temporarily Indian Government Agent in Burma in cancellation of previous appointment of Mr. Sathianadhan stop it has been Governments Policy to appoint Indians as Agents outside and committee regret reversal of this salutary policy stop committee unaware reasons for this temporary appointment but even if Mr. Sathianadhan not available Government could appoint another Indian instead especially because in present situation in Burma presence of an Indian as agent is not only desirable but would also help towards restoration better relations between Burmans and Indians Committee earnestly urge reconsider decision and appoint Indian as agent.

Copy of letter No. F153-3/38-L. & O. dated the 21st September, 1939.

From the Government of India, Department of Education, Health and Lands to the Chamber.

I am directed to refer to your telegram dated the 12th September, 1938, to the Home Department and to state that, in view of the special circumstances created by the recent riots in Burma, the Government of Madras suggested that a senior officer should be appointed as Agent to the Government of India in Burma and recommended that Mr. C. A. Henderson, First Member of the Madras Board of Revenue, should be selected for the post. The Government of India accepted the recommendation of the Provincial Government and have appointed Mr. Henderson temporarily.

APPOINTMENT OF AN INDIAN AS DEPUTY CHIEF ENGINEER TO THE
KARACHI PORT TRUST.

Letter No. 01916 dated the 12th September, 1938.

From the Chamber to the Government of India, Department of Commerce.

The attention of the Committee of this Chamber has been drawn to the question of appointment of a Deputy Chief Engineer to the Karachi Port Trust. The Committee understand that pursuant to Mr. Shepherd Barron's resignation as the Chief Engineer and the elevation of Mr. Brow to that post, applications were invited for the post of the Deputy Chief Engineer to the Karachi Port Trust. The Committee learn that in the list of eight best applicants, there were two Indian candidates, both of whom possessed high British qualifications as also practical experience in harbour engineering. The Committee regret that the claims of these two candidates were brushed aside and an European—one Mr. Everatt, from the service of the Bombay Port Trust has been appointed to the post and the Government of India have been approached for the necessary sanction. While the Committee have obviously no objection personally against Mr. Everatt, they deplore the attitude of the trustees for the Port of Karachi in not availing of this opportunity of putting into practice the accepted policy of Indianising the higher posts in the port trusts, especially when suitable Indians with better qualifications and practical experience were available. The Committee regret to note that the

appointment of an European to the post of the Deputy Chief Engineer has set back the process of the Indianisation of the higher services under the Karachi Port Trust by as long as 16 years. The Committee would further invite the attention of the Government to the division of votes on this issue among the trustees. Though the five elected Indian trustees strongly pleaded for the appointment of a qualified Indian to the post, the proposal was turned down by all the eight European trustees voting against it, along with the two nominated trustees. This incident along with similar ones in certain other major ports, in which special favour has been shown to non-Indian interests, has raised serious apprehensions in the minds of the Indian public and the Committee emphatically believe that steps should be taken without delay to Indianise the major port administration of the country.

In view of the departure from the accepted policy of Indianisation of the services under the ports, that such appointments make and of the fact that suitable Indians with better qualifications and practical experience are available for the post, the Committee would strongly urge the Government to withhold the sanction of the appointment and direct the trustees for the Port of Karachi to reconsider the matter.

RIOTS IN BURMA.

Telegram dated the 2nd August, 1938.

From the Chamber to the Government of India.

"Committee Indian Chamber of Commerce Greatly Concerned at serious disturbances in Burma Resulting in Considerable loss of life and property of Indians residing there stop committee note situation improving but urge Government of India Impress upon Burma necessity Government Imperative of Taking adequate measures for protecting Indian Community in Burma which has had long association and Amicable relations with Burmese people and which only desire continue their peaceful avocations in that country."

Copy of letter No. F92-1/38-L. & O. dated the 12th August, 1938.

From the Government of India, Department of Education, Health and Lands to the Chamber.

BURMA RIOTS.

I am directed to acknowledge the receipt of your telegram dated the 2nd August, 1938 addressed to the Home Department and to say that the matter is receiving attention.

THEFT CASES IN BHOWANIPORE AREA.

Letter No. 01750 dated the 3rd September, 1938.

From the Chamber to the Commissioner of Police.

I am directed by the Committee to invite your attention to certain cases of theft occurring in the Bhowanipore area. In the early hours of the morning of Saturday the 27th August, 1938 a thief entered the residence of Mr. G. L. Mehta, Vice-President of this Chamber at 24 Roy Street. On an alarm being raised, however, he made good his escape. The Committee understand that Mr. Mehta has already lodged a complaint with the police in connection with the above matter. They further understand that in the month of February last also a similar occurrence happened at the residence of Mr. Mehta when unfortunately articles worth about Rs. 200 were stolen away. The Committee trust that you will kindly look into the matter carefully and also make suitable arrangements for the future so that a repetition of such occurrence may be avoided.

An early reply will oblige.

AIR RAID PRECAUTIONS.

Copy of letter No. 917C dated the 31st August, 1938.

From the Commissioner, Presidency Division to the Chamber.

I enclose a copy of a letter addressed to all local bodies in the industrial area east of the Hooghly in the 24 Parganas district describing the preliminary measures necessary for air raid precaution schemes for the passive defence of the civil population. I have

requested the Commissioner of the Burdwan division to take similar steps in respect to the local bodies on the west side of the Hooghly in his division and the Commissioner of Police Calcutta, in respect of the Corporation of Calcutta. I have also addressed direct the Port Commissioners, the Calcutta Electric Supply Corporation and the Oriental Gas Company, the principal public utility undertakings.

I should be grateful if your Chamber would be good enough to ask for the co-operation of your members in the preparation and co-ordination of these local air raid precaution schemes for the passive defence of the civil population. As regards air raid precautions for single factories and business premises I beg to draw the attention of the Chamber to Air Raid precaution handbook No. 6 "Air Raid Precaution for Factories and business premises" issued by the Home Office London, and obtainable from H. M.'s Stationary Office London—price 6d. This publication describes the type of precaution contemplated for large commercial and factory premises. It is not, of course, suggested that in Bengal with its more limited possibility of air raid attack that any expense should be incurred by factories or businesses. It is, however, suggested that perhaps the factories or businesses who are members of your Chamber may be willing to organise emergency drill and fire precautions suitable for air raid conditions as recommended in the handbook.

The attached letter endeavours to give a general picture of passive air raid precautions for the civil population. The Air Raid Precaution Area Committee for the Hooghly industrial area will be happy to give any further information if addressed C/o the Commissioner of the Presidency Division.

ENCLOSURE TO THE ABOVE LETTER.

Copy of letter No. 893-894-910C.

From the Commissioner Presidency Division to the Chairman, District Board, 24 Parganas and the Chairmen, of all Municipalities in the 24 Parganas (Excluding those not in the industrial area)

The Commissioners of the Municipality/The Members of the District Board will no doubt be aware from the announcements

made in the Press by the Home Department of the Government of Bengal and owing to the occurrence of the recent "black-out" that the Government of Bengal are taking precautionary measures to safeguard the civil population against the effects of air attacks in the industrial area on the banks of the Hooghly which, in the event of an attack by hostile aircraft would be peculiarly vulnerable.

2. These precautionary measures in no way imply that in the opinion of Government such an air attack is a probable contingency at present. It is, however, a matter of reasonable belief that the existence of such a contingency is becoming less and less remote and all over the world such measures are being examined. Whether the possibility is remote or not, the necessity of the creation of at least skeleton organisations to minimise the consequences of air attack will be apparent. It is a matter of years of preparation in time of peace to secure the requisite organisation to train the civil population in respect to precautions against air attack.

3. In this view of its responsibilities to the civil population, the Government of Bengal have constituted an Air Raid Precautions Committee for the Industrial area on the Hooghly which will be responsible for giving advice to local authorities and the civil population generally in accordance with approved Government policy, will exercise general supervision over the preparation of local schemes and will offer technical advice, where such is sought, based on expert study of the problems of passive air defence.

4. As the possibility of a hostile attack is not yet as imminent as it may be say in Europe, it is not intended at present that Government will incur special expenditure for the purpose of passive air raid protection of the civil population as distinguished from active air raid protection which is, of course, the sphere of the military authorities. It is not therefore also expected that at present local bodies will incur additional expenditure in respect to civil protection against air raid dangers. Such precautions therefore as the construction of shelters, protection from gas by the public provision of respirators and gas-proof premises are not at present practicable, in Bengal. Air Raid precautionary services must for the same reason be confined to the Bengal Police, Rural Police, existing fire brigades, existing hospital and dispensary staffs, supplemented by such voluntary air raid staff as may be arranged by the air raid precautions sub-committees of local bodies hereinafter described, or such organisations as St. John Ambulance, the Red Cross, the Boy Scouts etc.

5. With the above necessary limitations the notes following indicate a preliminary picture of the various services necessary for passive air raid precautions for the civil population, which may be arranged by local authorities co-operating with Government through the Air Raid Precaution Committee. Some of the principal types of action required for the purpose of air raid precautions are summarised below.

(a) *Action by Government.*

An air raid warning scheme.

Arrangement for lighting restrictions.

Co-ordination of hospital arrangements.

Arrangements for technical advice to local authorities and industrial undertakings, particularly those dealing with public utility services.

Arrangements for training instruction personnel.

(b) *Action by local authorities.*

Preparation of schemes (With the help of the A.R.P. Area Committee) for first aid and hospital treatment of casualties and decontamination of personnel.

Emergency Fire Brigade Organisation.

Rescue Parties

Emergency repairs and demolitions.

Maintenance of essential public services (in collaboration with public utility undertakings) e.g., gas, electricity, water supply, transport.

Recruitment of voluntary personnel.

Local communications and reporting of damages.

(c) *Action by big industrial concerns, particularly public utility organisations.*

Arrangements for fire squads, first-aid services and for protecting at any rate indispensable staffs, in the case of public utility concerns.

(d) *Action by general public.*

Volunteering for air raid precaution services.

Making itself acquainted with the principles and practice of passive protection against air raids.

6. The aim of this preliminary survey of the problem is to acquaint local bodies in the industrial area with a general picture of

passive air raid precautions from the point of view of local organisations by local authorities. The principle to be followed is that a local sub-area air raid Precautions committee should be formed to undertake those services which are related to the normal functions of the local authority concerned and to use existing organisations and premises for the special purpose of air raid precautions i.e., to have personnel told off and premises arranged for this special purpose. It will be obvious also that local authorities must bring into their schemes other bodies such as the undertakings providing public services e.g., electricity, gas and water and the big industrial concerns in their area.

7. To secure the above object the first step is the preparation by each local body of a general plan in consultation with the Air Raid Precautions Area Committee and for this purpose the appointment of a small standing committee is suggested to each local authority which is to draw up a local scheme on the lines indicated in paragraph 5(b) of this letter. It is further suggested that this Committee should contain representatives of the big industrial undertakings in the locality. Technical advice should be sought from the Air Raid Precautions area Committee, C/o the Commissioner of the Presidency Division and advice more particularly on the first-aid and hospital arrangements may be obtained direct from the Surgeon-General with the Government of Bengal.

8. A specimen scheme of passive air raid precautions for a municipality will be made available as soon as possible and a copy may be obtained from the Committee at the office of the Commissioner of the Presidency Division. It is hoped to secure the co-operation of local bodies to:—

1. The formation of a sub-area committee for their locality.
2. The preparation of a scheme.
3. The submission of a copy of that scheme with an explanatory map for record with the Air Raid Precaution Committee.

9. For the District Boards areas which are small, the delimitation of air raid precaution sub-areas will be by thanas and the District Board will be given every assistance by the Additional Superintendent of Police, 24, Parganas, in respect to schemes for thana jurisdictions in the industrial area.

OBSTRUCTION CAUSED BY THE POLICE TO BUSINESSMEN CARRYING ON
BONA-FIDE ACTIVITIES AT THE GUNNY MARKET.

Letter No. 01651 dated the 17th August, 1938.

From the Chamber to the Commissioner of Police.

The attention of the Committee has been drawn to hardships experienced by certain members going for business purposes to the gunny market in Clive Row. It has been represented to the Committee that sometimes people going for *bona-fide* business purposes to the market are harassed by the traffic police who are there on duty to prevent people from collecting on the road for the purposes of speculation. While the Committee realise the necessity of preventing the people from thus collecting on the streets, they need hardly emphasise that no restrictions are to be placed on the movement of bonafide representatives of firms who have to attend their branch offices situated near the gunny market. The Committee trust that you will kindly issue necessary instructions to the staff on duty to see that no hindrance is placed in the way of persons going about for *bonafide* business purposes and they are not unduly interfered with. The Committee shall be glad to know the steps taken by you in the matter.

Copy of letter No. 8999 dated the 13th September, 1938.

From the Commissioner of Police to the Chamber.

I acknowledge the receipt of your letter No. 01651 dated the 17th August, 1938, and regret to say that without more information about the alleged hardships to your members no action can be taken.

CAMPLAINTS ABOUT CALCUTTA TRAMWAYS SERVICES

Letter No. 02583 dated the 12th December, 1938.

From the Chamber to the Calcutta Tramways Company, Limited.

The attention of the Committee of this Chamber has been drawn to certain difficulties experienced by the travelling public in connection with the Tramway service of your Company. The Committee are

given to understand that often the time for stoppage is not properly observed and that the cars do not stop completely at the stoppage. The Committee need hardly point out that a majority of accidents to passengers are due to their boarding or alighting from cars in motion and they would, therefore, suggest that fresh instructions should be issued to drivers and conductors to observe the proper stoppages and stop the cars completely at stations marked as such.

The Committee would also point out that there is much overcrowding in cars, especially between 10 and 11 A.M., and 5 and 6 P.M. While the Committee appreciate that this is due to all the office-going persons using the service at the same time, they believe that this grievance has been experienced since a long time and steps should be taken to remove it. The Committee would be glad to be enlightened if you have considered whether it is possible to prohibit standing in tram cars and to arrange for running more cars between hours mentioned above.

The Committee understand that a representation has been addressed to you by the Muslim Chamber of Commerce, Calcutta, in this connection. The Committee are in general agreement with the same, and shall be glad if you kindly give an early attention to the matter.

Copy of letter No. 14909 dated the 20th December, 1938.

From the Calcutta Tramways Company Ltd., to the Chamber.

We beg to acknowledge receipt of your letter No. 02583 dated 12th inst., calling our attention to certain difficulties experienced in connection with the operation of the tramway service. You will realise that in the interest of the Company we are most anxious to avoid accidents, and as far as practicable to offer as comfortable accommodation as circumstances permit.

2. Referring to your remarks re. the "boarding" and "alighting" accidents, possibly the most common cause of such accidents is due to passengers not observing the rules with regard to stopping places by endeavouring to board or alight between stops, and after 'stops' to board or alight from a car which is again in motion. From personal observation it has often been noticed that passengers do this to save a walk of a few yards. For example, on Strand Road

passengers bound for say the E. I. R. or E. B. R. offices, instead of alighting at the 'stops' at the Fairlie Place or Koilaghat corners, go on and jump off a bit further on while the car is in motion. Other passengers leave their seats and stand on the step for 100 yards or more before arriving at the next "stop," and so get in the way of passengers attempting to jump on before the car stops.

3. Recently we have drawn the particular attention of our staff to our standing instructions, and all our superior staff have been personally instructed by our Traffic Manager to pay particular attention to any carelessness on the part of our junior staff, and have warned them to use the utmost caution, and even have gone further than that, inasmuch as we have recirculated these instructions in pamphlet form and in three languages, to each individual member of our uniformed staff, and the contents explained to him.

4. All cases reported by our Inspectors are immediately dealt with and suitable disciplinary action taken, and reports by the public against our staff are enquired into carefully, for which purpose we have set aside the full time of two of our officers. The result of the enquiry is dealt with personally by the Traffic Manager, and if our staff are in the least to blame, suitable disciplinary action is taken.

5. The question of overcrowding is continually receiving our attention, and in recent years we have considerably increased our services in an endeavour to alleviate the difficulties pertaining to overcrowding.

As you are fully aware, overcrowding occurs in the morning and evening office peak hours, when about 30 per cent of our daily passengers desire to travel during a very limited period. Peak hour traffic is the bugbear of all Transport Managers, and it is practically impossible to avoid overcrowding at certain times of the day. This difficulty is not peculiar to Calcutta and is a common trouble in almost all large cities throughout the world. From a report we have recently received, it is mentioned in a London letter published in the "Courier-Mail" on 24th June last that in the peak periods in London "nearly two-third of the travellers have of necessity to be strap-hangers."

6. Although we provide a considerable amount of standing room excessive overloading is not desirable from the Company's point of

view as, apart from the inconvenience caused to passengers, it is very difficult for the conductors to collect fares.

The Company are steadily proceeding with their scheme of renewals of the old rolling stock with a greatly improved type, and we expect shortly to have a considerable number of additional new cars in service, which we hope will to some extent lessen the overcrowding at peak hours. We have already put some 160 new articulated cars into service in place of old pattern trains which have been withdrawn.

7. The question of traffic on the Calcutta roads is daily becoming more alarming, and we would point out that Calcutta is a difficult city from the traffic point of view. Most cities are more or less circular in shape, and have numerous roads traversing the area and radiating in all directions from the centre. In the case of Calcutta, expansion is prevented on one side by the river and on the other by the Salt Lakes. The consequence is, that the city is comparatively narrow but of great length, and as a result most of the traffic is concentrated in the Northern portions of the city on very inadequate roads, and in the south on one road only. The traffic is practically up to saturation point on the existing streets, and in our opinion the Authorities should take a broader and longer view of the present and future requirements of our city, and take into consideration the provision of adequate streets to accommodate the rapidly increasing traffic.

8. We thank you for the courteous way in which you have addressed us on the subject, and we can assure you that the points mentioned in your letter are continually receiving our very earnest attention. We would greatly appreciate any help your Chamber can give us by propaganda aimed at educating the public to avoid breaches of etiquette and rules, which are intended solely to protect passengers and other street users from the causes of accidents we have alluded to

Letter No. 00035 dated the 10th January 1939.

From the Chamber to the Calcutta Tramways Company, Limited.

I am directed to acknowledge the receipt of your letter No. 14909 dated the 20th December, 1938 in reply to the Chamber's letter No. 02583 dated the 12th December, 1938 regarding certain difficulties experienced in connection with the Tramway service in Calcutta. The Committee are glad to have your assurance that the tramway company

is itself anxious to see that the tramway service is made as comfortable and safe as possible. The Committee also note with satisfaction that the attention of your staff has been drawn to the standing instructions of your company and that steps are being taken to keep particular watch on any carelessness on the part of your junior staff. The Chamber on its part will be glad to co-operate with your company in any scheme to ensure safety to passengers.

DECLARATION OF DISTRICT NO. 1 AS PROHIBITED AREA FOR 'DAL GOLAS'
AND 'DAL POLISHING' BUSINESS.

Letter No. 2303 dated the 5th November, 1938.

From the Chamber to the Calcutta Corporation.

RE:—Proposed prohibition for carrying on dal-polishing business and dal-golas in district No. 1 of the Corporation.

The attention of the Committee has been drawn to a notice published by you to the effect that there is a proposal before the Corporation for declaring the whole of the area of district No. 1 (Ward Nos. 1 to 7) as a prohibited area for "dal-golas" and dal polishing business as the "business creates considerable amount of dust and nuisance" as besides storing of dals, drying, cleaning and winnowing of dals etc., are also done in these places.

The Committee understand that the manufacture of dal by the aid of machinery is already prohibited within the city limits by the Corporation. It may, however, be pointed out that a very large section of the population of the city are strict vegetarians and dal, which is consumed by almost all Indian residents, forms one of the main articles of diet of that large section. Within the area, therefore, in which it is now proposed to prohibit the carrying on of dal-polishing business, numerous small concerns are established which cater to the requirements of the population for dal along with other provisions. As a matter of fact, it is reported that there are thousands of families who are mainly engaged in this business. If, therefore, the proposal published with your notice above referred to is given effect to, it will not only cause great hardship and inconvenience to the residents of the area but would also deprive thousands of families of their means of livelihood. The Committee are not aware as to why the enforcement of the proposed prohibition is limited to only the seven wards

referred to above. If it is due to the fact that dal-golas and dal-polishing business is mainly concentrated in this area, it is only a proof of the fact that there is a great demand for dal by the residents of the area. Manufacture of dal (grinding) by machinery being already prohibited, it is only certain minor processes of cleansing etc., that are carried on in this area and the Committee are not aware whether these processes are liable to create any great nuisance and dust etc. The Committee are not opposed to any measures which the Corporation may take for promoting the health of the citizens but at the same time they wish to draw your attention to the fact that apart from the comparative urgency and desirability of such measures regard must also be had to the fulfilment of the primary necessities of the residents.

The Committee are, therefore, strongly opposed to the proposal for prohibiting dal-golas and dal polishing business to be carried on in district No. 1 and they trust that the Public Health Committee of the Corporation would give due consideration to the points raised above, and reject the proposal.

MOVE FOR THE DECLARATION OF THE GOPASTAMI DAY AS PUBLIC HOLIDAY.

Letter No. 2188 dated 20th October, 1938.

From the Chamber to the Government of Bengal, Home Department.

The attention of the Committee of this Chamber has been drawn to the fact that the Gopastami day which is one of the important festival days of the Hindus in this province is not declared a holiday under the Negotiable Instruments Act by the Government of Bengal. The Committee understand that a big fair is held on the Gopastami festival day at Sodepur Pinjrapole every year and a large number of businessmen, merchants shop-keepers and other people connected with various trades and professions attend the same. Moreover, a number of trade associations like the Stock Exchange, Gunny Market, Silver Market, Hessian Exchange, East India Jute Association and others also observe it as a holiday and close their offices on that day. However, as the banks do not observe Gopastami day as a holiday serious inconvenience and hardships are experienced by the business community as they have to make some arrangements for transacting their

business connected with the banks. In order to remove this inconvenience to businessmen, the Committee have to urge the Government to declare Gopastami day as a public holiday under the Negotiable Instruments Act. The Committee trust the Government will take into consideration the difficulties of the business men in the matter and take early action in this connection.

Copy of letter No. 5248-Mis, dated the 8th November, 1938.

From the Government of Bengal, Finance Department, to the Chamber.

With reference to your letter No. 2188 dated the 20th October, 1938, requesting Government to declare a public holiday on account of Gopastami festival, I am directed to say that Government regret their inability to accede to the request.

PERSONNEL OF THE INDIA DEFENCE COMMITTEE.

Telegram dated the 14th October, 1938.

From the Chamber to the Government of India.

“Reference enquiry committee into defence expenditure committee Indian Chamber of Commerce, Calcutta, strongly protest against non-inclusion of Indians. The Committee believe defence expenditure is a matter of primary concern to Indians and further in view of progressive Indianisation of the army it is highly essential that Indians should be associated in the enquiry. Committee strongly urge the Government to reconsider the matter and include Indians in the enquiry committee.”

PROPOSAL TO CLOSE DOWN THE SALE DEPOT OF THE GOVERNMENT OF INDIA PUBLICATIONS AT CALCUTTA.

Letter No. 02673 dated the 19th December, 1938.

From the Chamber to the Government of India, Department of Labour.

The Committee of the Indian Chamber of Commerce, Calcutta, are given to understand that the Sale Depot of the Government of India Publications which is at present located at 8, Hastings Street,

Calcutta, is proposed to be closed down at Calcutta. This Sale Depot was established in 1924 and ever since the removal of the office of the Manager of Publications to Delhi in 1933, the importance and utility of the Sale Depot has considerably increased. As you are no doubt aware, Calcutta is not only the largest city in India, but is also one of the greatest industrial and commercial centres. There is a large and constant demand for the various publications of the Government of India and if the Sale Depot is closed considerable inconvenience will be caused to the public and to the commercial community in particular. Although the Government of India Publications could be had from the Manager of Publications, Delhi, it will not only involve considerable delay in getting those publications but would also decrease the sales of the publications themselves inasmuch as the facility of inspection before ordering the publications will not be available to the purchasers if the local Sale Depot is closed down. At the present the commercial houses and other intending purchasers can easily keep in touch with the Government of India Publications which are issued from time to time which would not be possible if the Sale Depot is removed or closed down. Such a course, if adopted, is bound to result in an appreciable decrease in the sale of Government of India publications and leaving apart the monetary aspect of the question, the Committee have no doubt that the Government of India would certainly desire increased circulation of their publications.

The Committee, therefore, strongly urge that if there is any intention to close down or shift the present Sale Depot, the proposal should be abandoned.

An early reply will oblige.

TESTING STATION FOR MOTOR VEHICLES.

Copy of letter dated the 4th November, 1938.

From the Automobile Association of Bengal, to the Chamber.

This Association is sponsoring the attached Representation to the Government of Bengal and I am directed to enquire whether your Chamber will agree to sign it jointly with ourselves and the following organisations :—

Calcutta Trades Association.

The Bengal National Chamber of Commerce.

The Bengal Chamber of Commerce.

Indian Roads and Transport Development Association.

Marwari Chamber of Commerce.

Motor Industries Association and the Muslim Chamber of Commerce.

An early reply will oblige.

Letter No. 02591 dated the 13th December, 1938.

From the Chamber to the Automobile Association of Bengal.

I am directed to refer to your letter of the 4th November, 1938 regarding the proposed representation to the Government of Bengal urging the necessity of establishing a properly equipped testing station for motor vehicles of different classes. While the Committee are in general agreement with your proposal, they will be glad to receive further particulars of the scheme, as regards the place where the testing station is proposed to be situated, the authority who will be in charge of the station etc. The Committee shall also be glad to know the replies you have received from the other organisations named in your letter of the 4th November, 1938.

Letter No. 02590 dated the 13th December, 1938.

From the Chamber to the Government of Bengal, Department of Communications.

I am directed by the Committee to refer to the proposed legislation regarding the regulation of motor vehicles which has been pending before the Central Legislature. The Bill inter-alia provides for the maintenance of vehicles in a sound mechanical condition and the Committee shall be glad to know whether the Government of Bengal have made or intend to make any arrangement for having a properly equipped testing station for motor vehicles of different classes in order to ensure that these provisions are fulfilled.

An early reply will oblige.

Copy of letter No. 58 P1 dated the 7th January, 1939.

*From the Government of Bengal, Home Department, (Police)
to the Chamber.*

With reference to your letter No. 2590, dated the 13th December, 1938 addressed to the Secretary, Department of Communications and Works, regarding arrangement for having a properly equipped testing station for motor vehicles in order to ensure that certain relevant provisions in the New Motor Vehicles Bill are fulfilled, I am directed to say that so long as the Bill does not become law the exact position can not be envisaged.

Copy of letter dated the 23rd January, 1939.

From the Automobile Association to the Chamber.

The memorandum dealing with the proposal to establish a Motor Car Testing station in Calcutta and replies received from all organisations asked to support the proposal were placed before the Roads sub-committee for consideration at a Meeting held on Friday the 13th January, 1939.

For your information I attach Minute 4 of the proceedings of that Meeting; it is self-explanatory.

I now ask whether the modifications made command the approval of your Chamber so that the final form of the Memorandum may be completed and circulated for signature.

Thanking you for an early reply.

Letter No. 00127 dated the 28th January, 1939.

From the Chamber to the Automobile Association of Bengal.

I am directed to invite reference to your letter dated the 23rd January, 1939 and to state that the Committee have gone through the draft memorandum regarding establishment of a testing station for motor vehicles, as revised in the light of views received from several bodies, enclosed by you. The Committee are agreeable to the modifications made therein and shall be glad if you will let me have the final memorandum for signature when ready.

Copy of letter dated the 7th March, 1939.

From the Automobile Association of Bengal to the Chamber.

I attach for signature (arranged alphabetically) the Joint Memorandum addressed to the Government of Bengal Home Department. Please do not fold. A copy of the Memorandum is enclosed for each organisation.

ENCLOSURE TO THE ABOVE LETTER.

Copy of letter.

From the Automobile Association, to the Secretary to the Government of Bengal, Home Department Calcutta.

The signatories to this memorandum desire to urge on Government the necessity of establishing, with the least possible delay, a properly equipped testing station for motor vehicles of every description.

2. The Government of Bengal is doubtless already aware of the report of the Motor Vehicles Insurance Committee in which it was disclosed that the incidence of fatal accidents in India compared with the number of vehicles is extremely high, and from the point of view of public safety it is therefore felt unnecessary to add to what has already been published.

3. The enactment of the Motor Vehicles Bill 1938 provided for an insurance of sound mechanical condition and it is felt that these provisions cannot be fulfilled unless the authorities are placed in a position to detect defects.

4. It is understood that the authorities have on previous occasions submitted suggestions for equipment of this nature, but lack of funds has been the reason advanced by the department concerned for its inability to accede.

It is desired to draw the attention of the Government to the fact that the motor vehicle contributes some 9 lakhs annually to provincial revenues directly and a sum of some 13 lakhs indirectly through the Road fund—in addition to the ordinary taxes of universal application.

It is considered therefore that plea of insufficient funds cannot be maintained as, although the sources referred to are levied for specific purposes, an expense, directly incurred for the purpose of the efficient administration of control, would appear to render the cost of such a testing station a legitimate charge.

5. It is considered that the essential equipment would consist of a brake testing machine, one hoist for trucks and buses and one for cars and taxicabs and a compressor outfit with the possible inclusion of an engine testing machine. Enquiries are being made as to the cost but the information at present available indicates that it should not exceed Rs. 8,000.

6. This, even with the cost of the necessary land, is a negligible sum in comparison to the revenue secured from motor vehicles and in view of the importance of issue involved, it is hoped that the Government will give this suggestion urgent and favourable consideration.

USE OF SACCHARINE IN AERATED WATERS.

Copy of letter No. 02636 dated the 15th December, 1938.

From the Chamber to the Government of India, Department of Education, Health and Lands.

The attention of the Committee of this Chamber has been drawn to the practice of using of saccharine as a sweetening agent in aerated waters. The Committee are given to understand that although saccharine is not much used in the preparation of Indian sweets it is regularly used in preparing aerated waters in towns and moffusil and a bottle containing 8 ozs. liquid has generally a proportion as high as $\frac{3}{4}$ grain of saccharine. The Committee further understand that saccharine has no food value and is injurious to health if consumed regularly. The Committee would like to mention here that in U.S.A. the Referee Board of Consulting Scientific Experts have found that the continued use of saccharine for a long time in quantities over 0.3 grains per day is liable to impair digestion and its use in foods has, therefore been prohibited under the Federal Food Law.

The Committee would emphasise that the Government should take early steps to prohibit the use of saccharine in the country in articles of food sold to the public. The Committee understand that the Government of Bombay have under consideration revised rules under the Bombay prevention of Adulteration Act prohibiting the use of saccharine in any article of food. The Committee are aware that the regulation of the sale of food stuffs in the interest of Public Health is a matter primarily within the jurisdiction of the Provincial Governments but they would suggest that as it is desirable that legislation in this respect should be uniform throughout India, the Central Government should obtain the approval of the Provincial Governments and their Legislatures and enact a Central Legislation, in the matter. The Committee have no doubt that in view of the importance of the matter to Public Health, the Provincial Governments will readily agree as in the case of legislation for the regulation of drugs. The Committee trust that the Government of India will take early steps in the matter.

ORDERS FOR CLOTHINGS FOR GOVERNMENT OF INDIA'S DEFENCE
PROGRAMME, WITH BRITISH FIRMS.

Telegram dated the 10th December, 1938.
From the Chamber to the Government of India.

Committee Indian Chamber Greatly concerned over news that Indian Government propose placing big orders with British firms for large quantities of clothing and Sundry articles for defence and Railway modernisation programme stop committee regret that inspite of repeated Assurances of Preference to Indian goods in stores purchase Government departments should place such orders outside India thus depriving Indian Industries of their legitimate market stop committee strongly urge reconsideration.

Copy of letter dated the 29th December, 1938.

From the Government of India, Department of Commerce to the Chamber.

SUBJECT:—Purchase of certain clothing material etc., from the British firms.

With reference to your telegram dated the 10th December, 1938, I am directed to say that the Government of India are not aware of

any large orders being placed with the British firms in contravention of the Rules for the supply of articles required to be purchased for the public service. I am to refer you in this connection to the reply given in the Legislative Assembly to Mr. Manu Subedar's question No. 2006 on the 9th December, 1938.

Letter No. 00083 dated the 18th January, 1939.

*From the Chamber to the Government of India, Department of
Commerce.*

I am directed to invite reference to your letter No. 43-S(26)/38 dated the 29th December, 1938 regarding the purchase of certain clothing materials and other articles required for the public services from British firms. The Committee note that in reply to the question put by Mr. Manu Subedar in the Legislative Assembly Mr. Ogilvie on behalf of the Government stated that tenders for the supply of articles of clothing were called for from firms abroad as well as from Indian manufacturers where it was known that the articles were at present manufactured in India upto Army Specifications. The Committee also learn that orders for the supply of woollen vests, woollen pants and mosquito netting upto the limits of Indian manufactures have been placed with Indian manufacturers while orders for the remaining articles namely shirting cloth and tooth brushes were placed in the United Kingdom. The Committee would be glad, however, if you kindly supply them with details of the orders placed in India as also of those placed abroad and about the exact specifications of the various articles ordered from abroad which the Government believe are not at present manufactured in India up to the standard required.

An early reply will oblige.

ASSOCIATION OF AN INDIAN WITH MR. J. D. TYSON IN THE ENQUIRY
CONDUCTED BY THE ROYAL COMMISSION INTO THE SOCIAL
AND ECONOMICAL CONDITIONS IN JAMAICA.

Letter No. 2235 dated the 28th October, 1938.

*From the Chamber to the Government of India, Department of
Education, Health and Lands.*

The attention of the Committee has been drawn to a press statement to the effect that the Government of India have appointed Mr.

J. D. Tyson, I.C.S., to represent them before the West Indies Royal Commission which is shortly visiting British Guiana, Trinidad and Jamaica to enquire into the social and economic conditions there. Mr. Tyson, it is understood, will also assist Indians overseas settled in these colonies to prepare their case for the Royal Commission.

While the Committee have nothing to say against Mr. Tyson who did valuable work in South Africa as Secretary to the Right Honourable V. S. Srinivasa Sastri, the Committee are of opinion that the Government would have been better advised if an Indian had been selected for this task, as he would have been in a better position to appreciate the difficulties of Indians abroad and to put their case before the Royal Commission. The Committee, however, suggest that the Government of India should appoint an Indian also to assist and advise Mr. Tyson in his work. In view of the fact that the interests of several lacs of Indians settled abroad are involved in the matter, it is hardly necessary to emphasise that such a step is not only desirable but also essential. The Committee trust that the Government of India will consider the suggestion sympathetically and do the needful in the matter.

Copy of letter No. F177/38 L. & O. dated the 17th November, 1938

From the Government of India, Department of Education, Health and Lands to the Chamber.

West Indies Royal Commission—Deputation of an Indian.

I am directed to acknowledge receipt of your letter No. 2235 dated the 28th October, 1938 and to state that the question of associating an Indian with the proposed deputation to the West Indies was most carefully considered by the Government of India but primarily for financial reasons it was found essential to limit their representation to one. The Government of India found that Mr. Tyson was the only officer available with the requisite experience and, having regard to the work done by him in South Africa, they confidently expect him to represent the Indian point of view both forcefully and sympathetically.

EXTENSION OF BUS ROUTES 4 AND 4A UPTO COSSIPORE JUTE MARKET

Letter No. 2241 dated the 28th October, 1938.

From the Chamber to the Deputy Commissioner of Police,

Public Vehicles Department.

I am directed to refer to the correspondence resting with my letter No. 1226 dated the 6th July, 1937 regarding the extension of Bus Routes No. 4 and 4A up to Cossipore Jute Market. The Committee regret that their proposal was not accepted on the ground that it would be unfair to allow a City Route to encroach unnecessarily on the earnings of a suburban Route. The Committee, however, pointed out previously, the present arrangement involves considerable hardship to the large number of passengers who have to travel daily from the Burra Bazar area to Cossipore Market inasmuch as they have to change at the New Chitpore Bridge and have also to incur an additional charge of 9 pies for the short distance from the bridge to the Cossipore area. The Committee are of opinion that the convenience of the travelling public should have been given more consideration.

The Committee now understand that a proposal to amalgamate Routes No. 32 and 32A and 4 and 4A so as to eliminate competition between them is under your consideration at present. The Committee are of opinion that this proposal would meet the grievances of the travelling public mentioned above and in their previous communications. The amalgamation of these routes or an extension of Route No. 4 and 4A to the Cossipore Market is very essential in the interest of the travelling public and the Committee trust that this would be the first consideration of the Public Vehicles Department. They shall be glad to know of the progress which may have been made in the matter.

Thanking you,

Copy of letter No. 13493 dated the 5/7th November, 1938.

From the Commissioner of Police, to the Chamber.

I am in receipt of your letter No. 2241 dated the 28th October, 1938, on the subject of extending Bus Route 4 & 4A upto Cossipore Jute Market. I regret that the same reasons for which your request

made last year was refused still hold good and that as a consequence this cannot be done. The question of amalgamation of Routes 32 and 4 is still under discussion and will take considerable time to settle. I do not think it unreasonable for members of the public to have to change to another bus route when coming in a long distance from the suburbs and this apparent inconvenience is suffered by members of the public in all cities throughout the world.

Letter No. 02442 dated the 22nd November, 1938.

From the Chamber to the Commissioner of Police, Public Vehicles Department.

I am in receipt of your letter No. 13493 dated the 5/7th November, 1938. I note that the question of the amalgamation of routes 32 and 4 is under consideration. I am, however, directed to state in this connection that it is not only a question of the public travelling between Burra Bazar and Cossipore having "to change to another bus-route" but the question is also of having to pay more for the journey from the point where route No. 4 ends to the Cossipore market. As you are no doubt aware, the distance between these two points is not much but when the passengers have to change from one bus-route to another, they have to pay another unit of fare extra which, in this case, is 9 pies. You will appreciate that if there were a through route, the passengers would not have had to pay this much extra fare. The Committee therefore hope that the matter will receive your careful consideration and that it will be decided at an early date.

Copy of letter No. M. V. 14419/F. 197/R. 4 & 4A dated the 29/30th November, 1938.

From the Commissioner of Police, to the Chamber.

With reference to your letter No. 02442 dated the 22nd November, 1938 on the subject of extension of Route 4 and 4A upto Cossipore Jute Market, I write to inform you that there is no chance of the route being extended beyond Baghbazar.

LAW AND LEGISLATION

INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL, 1937.

Copy of letter No. 11209-19/Com. dated the 30th November, 1937.

From the Government of Bengal, Department of Commerce and Labour to the Chamber.

SUBJECT:—The Indian Patents and Designs (Amendment) Bill, 1937.

I am directed to forward for the information of your Chamber, a copy of a letter from the Government of India, Legislative Assembly Department, No. F136-1|37-A., dated the 17th November, 1937, on the above subject, and to request that the opinion of the Chamber may be furnished to Government by the 3rd January, 1938, the latest.

Letter No. 00093 dated the 14th January, 1938.

From the Chamber to the Government of Bengal Department of Commerce and Labour.

RE:—The Indian Patents and Designs (Amendment) Bill, 1937:

With reference to your letter No. 11209-19/Com. dated the 30th November, 1937, enclosing therewith a copy of a letter from the Government of India, Legislative Assembly Department on the above subject, I am directed to say that the Committee of this Chamber have got no views to offer on the same at present.

BENGAL STATE AID TO INDUSTRIES ACT.

Copy of letter No. 784/89 B. I. dated the 18th December, 1937.

From Director of Industries & Secretary Board of Industries, Bengal to the Chamber.

I am directed to forward herewith a copy of the Bengal State Aid to Industries Act, 1931, and to state that the Board of Industries, Bengal, will be grateful if you kindly forward to the undersigned your considered opinion on the necessity of bringing an early amendment of the Act with a view to making it render a greater degree of

benefit to bonafide industrialists and to the development of indigenous industries.

2. The Board will be very glad to be favoured with your valuable suggestions for bringing about improvements in the operation of the Act with the above end in view.

3. Some of the main issues involved in this connection are noted below :—

- (a) Industries requiring capital upto a lac of rupees should be financed through the Act.
- (b) The Act must provide for power to be vested in the Board to sanction loan upto a suitable sum of money which may kindly be specified by you.
- (c) Question of security, viz., 50 per cent of the assets should be modified so as to benefit real traders and industrialists and to facilitate entertainment of applications under the different sub-sections of Section 19 of the Act.

Letter No. 475 dated the 2nd March, 1938.

From the Chamber to the Director of Industries and Secretary Board of Industries.

RE:—Bengal State Aid to Industries Act 1931.

I am directed to refer to your letter No. 784/59 B. I. dated the 18th December, 1937, inviting the views of the Chamber on the necessity of bringing an early amendment of the above Act with a view to making it render a greater degree of benefit to bonafide industrialists and to the development of the indigenous industries. The Committee have given careful consideration to the matter and I am directed to give below their views on the same.

Though the State Aid to Industries Act was passed as far back as 1931 and the Board of Industries to administer the said Act was formed in 1932, it appears that the public has not been able to make much use of the facilities of the various forms of State Aid provided under the Act for the establishment and development of Industries in the Province. Not only is the total amount of state aid given so far very meagre but it also appears that most of it has been given only

in the form of loans and other forms of State Aid provided under the Act have not been taken as much advantage of by the public. The Committee have carefully considered the provisions in the Act for the granting of State Aid to Industries and the conditions therefor and feel that in order that a greater degree of benefit may be derived by the public from this measure, it is essential that some of provisions in the Act must be amended. The Committee need hardly emphasise that there is a great scope for the development of industries, both of large and small scale, in the province and they see no reason why the commercial Community may not take greater advantage of the facilities of state aid for the promotion of Industries if the terms and conditions therefor are reasonable. The amendments which the Committee suggest below to be made in the Act will in their opinion help towards this end.

At the outset the Committee would like to suggest that State Aid should be open to all Industries, big or small. *Section 21 of the Act* which lays down as to what Industries may be given state aid is, in the opinion of the Committee, restrictive and limits state aid in most cases to new or nascent and small industries only. The fact that state aid given by the Board of Industries during the year 1935-36 and 1936-37 amounted to only Rs. 16,100 and 40,075 respectively shows that the scope of the Act is at present restricted to small industries only. There is no reason why even a large industry, and an established one, should not be given state aid if found suitable and desirable. The Committee recommend that *Section 21* should therefore, be amended so as to allow state aid being given to all Industries, big or small, including an established industry.

The forms in which state aid can be given are enumerated in *Section 19* of the Act. *Sub Clause (a) of Clause 1* relates to the grant of loan as a form of State Aid to an Industry. In this connection the Committee would like to refer to the first point raised by you in paragraph 3 of your letter under reference that Industries requiring capital up to a lakh of rupees should be financed through the Act. As the Committee have already pointed out above, they are of opinion that state aid should be open to all industries, big or small, and it is not desirable to put any absolute limit on the amount of loan which could be given under the Act. If, however, it is at all proposed to put a limit, the Committee would recommend that such limit should not be lower than Rs. 5 lacs.

Sub clause (b) of clause (1) of Section 19 relates to a guarantee of cash credit, overdraft etc. The Committee recommended that,

though in the case of such assistance being demanded on the security of the total assets of the Industry, the cash credit etc. may be limited to 50 per cent of the value of the assets as provided by clause (3) of Section 19, an advance up to 70 per cent should be allowed in case such facilities are asked for only on the security of the liquid assets of the Industry. Assistance in the form provided under this sub-clause is usually availed of for the purpose of finding working capital and the Committee are of opinion that it will be desirable to allow such advance to be secured up to an increased limit as suggested above when such facility is asked for on the security of liquid assets only. The Committee have to point out that even without any guarantee from the state, the Banks are usually allowing such advance on liquid assets up to 70 per cent or even more. Such form of assistance, however, may be given only from year to year.

Sub-clause (c) of clause (1) of Section 19 provides for the Government taking shares and debentures in an Industry. The Committee are of opinion that, on principle, Government should not take shares and thus become a partner in such State aided Industry. The Committee therefore recommend that the words "shares and" should be omitted from this sub-clause and that the proviso to this sub-clause should also be amended accordingly.

Sub-Clause (e) of Clause (1) of Section 19. The Committee are doubtful as regards the advisability of keeping this provision. Guarantee of a minimum return on the capital of a company would, while not providing any direct assistance to such aided industry, lessen the incentive towards development and may involve the state in having to provide money, from year to year for fulfilling such guarantee, without helping the industry in any way.

Sub-clause (h) of clause 1 of Section 19 relates to the supply of machinery on the hire purchase system as a form of state aid which may be given to an Industry. In this connection the Committee would like to invite your attention to *clause C of section 21* which appears to limit the form of state aid under the present sub-clause to agriculture only. The Committee see no reason why state aid in the form of supply of machinery on the hire purchase system should be restricted to agriculture only and not extended to all forms of Industries. In case the provisions of *clause C of Section 21* are not meant to make such restriction, that clause appears to be redundant.

Clause 3 of Section 19 lays down that in no case the total value of state aid granted to an Industry should exceed 50 per cent of the

net value of the Assets. In view of the changes recommended by the Committee in connection with *sub-clause b of clause 1* of this section, regarding the allowing of cash credit, advance etc. to the extent of 70 per cent on the security of the liquid assets, it would be necessary to amend the provisions of this sub-section accordingly.

The Committee would like to refer next to *Section 20 of the Act* which empowers local Government to delegate its power of granting state aid under *Section 19* to the Board of Industries. The Committee feel that in order to enable the Board to take effective action on applications for state aid, without undue delay, the Board must be empowered to sanction loan, without referring to the local Government, up to a sum of Rs. 25,000 only in each individual case. The Committee are aware that the Government of Bengal have delegated to the Board under their Notification No. 4312/Ind. dated the 7th July, 1936, power to grant loans up to an amount of Rs. 5,000. This limit in the opinion of the Committee is too low and they are of the opinion that if all Industries, big or small, are to take advantage of the Act the limit up to which the Board can grant loan should be raised at least to Rs. 25,000. In this connection, the Committee would like to point out that Government should make an allotment in the budget every year for giving state aid to Industries and any unused balance of such grant should not lapse at the end of the year but should vest in the Board of Industries and should be allowed to be accumulated. The Board can make use of this fund for granting loans and also for investment in the Industries. The Committee think that the Board would function more or less like an industrial bank which would give a great fillip to industries.

Section 23 deals with the disposal of profits during the continuance of the state aid. *Sub-section 1 of this section* provides that after the interest due on debentures and loans has been paid and after adequate provision is made for depreciation and obsolescence a further amount at least 25 per cent of the remaining nett surplus must be set aside for the Reserve Fund. This provision, in the opinion of the Committee, is far too stringent particularly in view of the fact that this sub-section also requires payment to be made for sinking fund for purposes of repayment of any loan or any sum guaranteed by the local Government on the provisions of the Act. The Committee, therefore, recommend that this provision for requiring 25 per cent of the nett surplus to be set aside as a reserve fund should be omitted from this clause and that the clause be so modified as to provide for the formation of a fund which together with the interest thereon

would, at the end of the period of the state aid, be sufficient to repay the loan or the advance as the case may be.

Sub-Section 2 of Section 23.—The Committee feel that this sub-section is not necessary in view of the fact that provision has already been made in sub-section 1 that no profits shall be distributed unless provision is made for all other items including depreciation, interest charges, sinking fund etc.

Another point which the Committee would like to invite your attention is about the construction of the Board of Industries as given under *Sub-Section 1 of Section 3 of the Act*. The Committee need hardly emphasize that the Indian Chamber of Commerce which has been recognised as one of the most important organisations of Indian Commerce and industry in the province, must be given a representation on the Board. As you are no doubt aware, the Indian Chamber has also been given a representation in the Bengal Legislature under the new constitution, apart from being represented on almost all the important public bodies of this province. The Committee, therefore, trust that sub-section 1 of Section 3 will be suitably amended so as to include a representative elected by the Indian Chamber also on the Board. Another point in this connection to which the Committee would invite your attention is with regard to the representation of the Calcutta Trades Association on the Board. The Calcutta trades association is not interested in industries but only in trade and the Committee have not been able to appreciate the relevancy of this Association being represented on the Board of Industries.

The Committee would also like to refer to certain rules framed under the various provisions of the Act. The Committee note that the Rules framed under *Section 19 (1)(a) and Section 19 (1) (b)* require the mortgaging of the whole of the assets of the owner of the Industry or of the Industry for every loan or every guarantee of a cash credit, advance etc. These provisions are obviously of a very restrictive nature in as much as even for a small loan of say Rs. 10,000 required by an Industrial concern, it would have to mortgage all its assets which may be worth say Rs. 2,00,000. The Committee feel that one of the reasons for so little advantage having been taken of the present Act may be the undue hardship which this provision imposes upon an Industry asking for state aid. *Sub-section 3 of section 19* already recognised the principal that state aid may be given up to a limit of 50 per cent of the total nett assets of an Industry. The Committee do not appreciate why even for a small loan representing say

5 per cent of the total assets of the Industry, the latter may be required to mortgage all its assets. A 50 per cent margin is sufficient in all cases and the Committee, therefore, strongly recommend that the rules should be so amended as to require the mortgaging of assets only in proportion to the amount of the loan or the advance granted and not in each case to the extent of the whole of the assets. In the opinion of the Committee it is sufficient to require the mortgaging of assets only to the extent of double the amount of the loan or assistance granted.

The Committee note that apart from the *sub-clause a and b of sub section 1 of section 19*, no rules have so far been made under the other clauses of the said sub-section as provided in the Act. It is, therefore, clear that most of the clauses regarding the forms of state aid to be given to industries have been inoperative. The Committee trust that rules will soon be framed under the other sub clauses also so that industries desirous of availing of the other forms of state aid may be able to do so.

Another matter to which the Committee would like to refer is the requirement under Rule 3 of the rules made under section 16 that the name and address of the applicant for state aid shall be published in the daily newspapers for the purpose of inviting objections from the public for the grant of such aid. The Committee realise the necessity and the desirability of Government satisfying themselves about the bonafides of the proposed applicant but such enquiries should be made privately as is done by the Banks instead of resorting to open advertisement. The Committee need hardly point out that an established industrial concern or even a new one, would not like its name to be advertised in the papers as having applied for state aid. The Committee, therefore, strongly urge that the provisions of this rule should be modified so as not to require a public advertisement of the applicant's demand for a state aid.

The Committee have given in detail the various modifications which they think should be made in the Act if proper advantage of the same is to be taken by the public. The particular points raised in your letter under reply have also been discussed above in relation to the relevant clauses. The Committee trust that their views will receive careful consideration of the Government.

The delay in sending a reply to your letter is very much regretted.

BENGAL JUTE BILL.

*Copy of letter Nos. 9466-9657 dated the 23rd December, 1937.
From the Government of Bengal, Agriculture and Industries
Department to the Chamber.*

SUBJECT:—Bengal Jute Bill, 1937: By Mr. S. N. Biswas, M.L.A.,
and others.

I am directed to forward herewith, for your information, a copy of the above Bill for introduction in the Bengal Legislative Assembly, and to request that you will be so good as to favour Government with views of your Chamber on the provisions thereof at an early date.

Letter No. 00218 dated the 26th January, 1938.

*From the Chamber to the Government of Bengal, Department of
Industries and Agriculture.*

I am directed by the Committee to invite reference to your letter No. 9466-9657 dated the 23rd September, 1937, inviting the views of the Chamber on the Bengal Jute Bill, 1937, by Mr. S. N. Biswas M.L.A., and others. The Committee have carefully considered the provisions of the Bill and have to submit their views in the matter as under:—

As will be apparent from the preamble, the Bill aims at a complete regulation of jute, its production and marketing, further improvement of its economic value, and regulation and control of the trade in jute. The Committee, however, feel that the provisions of the Bill are not practicable. The Bill attempts to introduce the principle of planned economy in the cultivation and trade of jute, but the Committee need hardly point out that the successful fulfilment of such a planned scheme presupposes the existence of not only vast resources at the command of the State but also advanced social conditions. Such a planned control in respect of an export commodity like jute may also lead to considerable difficulties and may disorganise such trade with the consequent loss of valuable markets.

The Committee, however, agree as regards the desirability of the standardisation of the qualities and grades of jute and of weights and measures and they feel that the Indian Central Jute Committee could be entrusted to undertake this task and formulate proposals for bringing about these desirable improvements.

BENGAL SHOP HOURS AND ASSISTANTS BILL.

*Copy of a Press Communique dated the 25th February, 1938.
Issued by the Government of Bengal.*

The attention of the public and particularly of shop owners is drawn to the statement made by the Hon'ble Minister in charge of the Department of Commerce and Labour reported by A. P. I. late in 1937 and in the Bengal Legislative Council that Government have at present under consideration a draft Bill called the Bengal Regulation of shop Labour (Hours, Wages, Compensation for Accident) Bill to regulate the conditions of work of employees in all classes of shops. The Bill *inter alia* prescribes (1) the hours of work of shop workers, (2) the hours of opening and closing of shop premises, (3) the dates by which shop workers must be paid their wages, (4) the grant of sick leave to shop workers, (5) the payment of compensation to injured shop workers while on duty and (6) the penalties for the contravention of the provisions of the Bill.

It is hoped that it will be possible to proceed with the Bill in the next Session of the Bengal Legislative Assembly and interested parties are invited to send in their suggestions to the Joint Secretary, Government of Bengal, Department of Commerce and Labour, during the next three months.

Letter No. 1280 dated the 27th June, 1938.

*From the Chamber to the Government of Bengal, Department of
Commerce and Labour.*

RE:—Bill for the regulation of Shop Labour.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to the Press Communique issued by the Government of Bengal on the 25th February, 1938, inviting suggestions in connection with a Bill to regulate the conditions of work of employees in all classes of shops which, it was stated, was under consideration of the Government. In forwarding their suggestions on the various points enumerated in the Press Communique, the Committee have also taken note of a private Bill on the same subject introduced in the Bengal Legislative Council in January last by Mr. Humayun Kabir.

The Committee agree that in the present circumstances some legislation should be adopted for the purpose of regulating the hours of work of shop assistants. They would, however, like to invite the attention of the Government to the fact that in view of the great difference in the conditions and nature of work done by these employees as compared to industrial labour, it is neither practicable nor desirable to consider the question on the basis of any predetermined ideas about the amelioration of the condition of such labour. The Committee hope that the Government of Bengal will bear this in mind while considering the following observations:—

(1) The principle of the regulation of the conditions of work of shop employees is a new one which has not yet been put into effect in any part of this country. It is new even to some of those countries which are advanced in social legislation. In the opinion of the Committee, therefore, it is desirable that in the first instance the application of this law is confined to the city of Calcutta and to Howrah. The Government may reserve to themselves the power to extend the application of the Act to other localities from time to time by notification, after they have gained adequate experience of its working.

(2) As regards the scope of the Bill, while the Committee would have no objection to applying the regulations to “gaddies and pedhies” also, subject of course to certain conditions and exemptions which are stated in this letter, they are of opinion that hawkers should not be included within the scope of this legislation as done by Mr. Humayun Kabir in his Bill. Hawkers are almost all poor people working independently for their livelihood and it would be a great hardship on them if any difficulties are put in their way. Furthermore, the very nature of their business would make it impossible to regulate their hours of work.

(3) Coming to the question of the hours of work of shop workers, I am directed to state that the Committee are strongly opposed to the fixing of any hours of opening and closing of shop premises. Any attempt to enforce such a regulation would introduce many complications. Apart from the fact that different kinds of shops have to be kept open at different hours according to the nature of the trade carried on by them, even in one trade different shops have to be kept open at different hours e.g., retail shops in the morning and in the evening and wholesale ones during the day time. Such regulation would also result in great hardship to a large number of

middle class and poorer people who have usually to make their purchases early in the morning or late in the evening when they are free from their duties. Besides all these, it will also be necessary to provide for a large number of exemptions e.g., those mentioned in Clause 5 of Mr. Kabir's Bill together with certain other exemptions such as in the cases of Grocers' shops, Vendors of vegetables, curd, sweet etc., which would make the working of the Act almost impossible even from an administrative point of view. Moreover, the Committee would like to point out that so far as "gaddies and pedhies" are concerned, and even in the case of most of the small shops, a large number of employees, as also the owners themselves in certain cases, usually reside and sleep there and hence these places cannot be "opened or closed" in the ordinary sense of the term, at certain fixed hours only. As most of the people who take advantage of this system are not well-to-do, it would be a great hardship if any restrictions are placed on their continuing to enjoy these facilities. The object of enforcing such a regulation namely to save shop workers from being over-worked can be successfully achieved by prescribing the maximum number of hours of work per day. It would be better, and far less complicated to leave it to the option of each shopkeeper as to for what particular hours he wants to keep his shop open.

In this connection, the Committee may draw the attention of the Government of Bengal to a similar draft Bill introduced recently in the Bombay Legislative Assembly by the Provincial Government which also does not fix any opening and closing hours but only prescribes maximum hours of work.

As regards the maximum hours of work, the period of 8 hours provided in clause 11 of Mr. Kabir's Bill is too short. As the Committee have pointed out at the outset the conditions of work of shop assistants are quite different from the conditions under which, for example, industrial labour works. Even in the case of factories, where a labourer has ordinarily to work continuously during the period of his work and under great strain than the shop assistant, the hours of work are more than prescribed for in Mr. Kabir's Bill. The Committee therefore, suggest that the hours of work for shop assistants should be 10 per day exclusive of meal time. It is to be realised that this sort of regulation of hours of work in the case of shops is altogether a new feature in the commercial life of this country and hence no such regulations should be enforced which may mean any very considerable departure from the normal practice and may consequently dislocate business.

(4) As regards holidays, the Committee are agreeable to providing for one full holiday in a week to all shop workers. They are, however, of the opinion that a particular day should not be fixed by law for such weekly holiday. The option may be left to a shopkeeper to fix any day of the week as a holiday for his establishment. The difficulties in fixing one common day as holiday are obvious. Firstly, different classes of people would like to have holidays on different days of the week for example, Christians on Sundays, Mussalmans on Fridays and Hindus on Thursdays, etc. Secondly fixing Sunday as common holiday would particularly cause inconvenience to a large number of people who are only free on that day to make purchases. Thirdly, it is desirable that instead of all shops and markets being closed on one particular day of the week, there is some alternation in the closing of shops, so that the public may not find any difficulty in making their purchases according to their requirements and circumstances. Fourthly, fixing of a common holiday would also inconvenience up-country visitors who make purchases in Calcutta and who would naturally like to do so on any day of the week that they visit Calcutta. The best thing therefore, in the opinion of the Committee is to leave to the opinion of the shopkeepers themselves to observe one holiday per week on whatever day they choose to, just as provided in the Bombay Bill above referred to. It may, however, be provided that each shopkeeper should put up a notice in his shop showing on what particular day of the week the shop remains closed.

The Committee do not favour an extra half holiday in the week. They are of opinion that one full holiday in the week enforced by law would be a good beginning.

As regards religious holidays it may be laid down that, if granted, the same should be in addition to and not at the cost of, the 52 weekly holidays in the year.

(5) Clause 12 of Mr. Kabir's Bill provides for the fixation of minimum wages of shop assistants. The fixing of minimum wages hardly appears to come within the scope of the Bill. The Committee deprecate the tendency to bring in all possible regulations within the compass of a Bill, irrespective of any consideration of their necessity or relevancy. Moreover, it has apparently not been realised as to how difficult it would be to enforce such a provision in the case of thousands of small and large independent concerns and what effect it may have on unemployment. The Committee are strongly opposed

to this clause and are of opinion that the question of the fixing of minimum wages should not be included in the present Bill.

(6) As regards the dates by which shop workers must be paid their wages for a particular month the Committee have no objection to the provision that such wages shall be payable not later than the 10th day of the following month, as provided in Clause 13 of Mr. Kabir's Bill.

(7) As regards sick leave, the Committee would like to point out that whereas a provision for such leave may be desirable on humanitarian grounds, it would involve many complications with which the Government would no doubt be acquainted as the question has been considerably discussed in connection with industrial labour. The Committee are of opinion that this matter should be left to the sense of fairness of the employer and to the good relations between him and his employees.

(8) As regards compensation for injuries to shopworkers while on duty, the Committee have not been able to appreciate the necessity of this provision. There may be justification for the payment of such compensation in the case of workers in the factories where there is a greater risk of accidents. But, so far as shops and other establishments are concerned, it is very rarely that an accident may happen to an employee in the course of his work in the shop, and even if it happens it may not be incidental to the nature of his work but may be due to his own negligence or to any other extraneous circumstances. As regards accidents happening to employees outside the shop, it would again be very difficult to make sure whether they were actually "on service" at the time of the accidents. It should also be remembered that a large majority of shopkeepers are either middleclass or poorer class people for whom it would be hard to be burdened with the additional liability of payment of such compensation. In the opinion of the Committee, therefore, it is not desirable to include any provision with regard to payment of compensation to injuries in the present Bill.

(9) In clause 16 of the Bill Mr. Kabir provides to prohibit the employment of persons below the age of 15 in any shop. While the Committee themselves do not favour the employment of children of young age in shops, they must point out that the age limit fixed in Mr. Kabir's Bill is too high. In most cases the boy employees belong to very poor families and it becomes necessary for them to find some

work in order to be able to provide for themselves and their families, if not wholly at least partially. It would be very hard on these poorer people if the age limit of employment is put as high as 15. Moreover, in many gaddies boys who are put to work on an employment basis in the beginning are admitted into partnership later on and in such cases an early training in business is of great value to the employees themselves. The Committee, therefore, suggest that the age limit for employment should be lowered to 12. The Committee would, in this connection, invite the attention of the Government of Bengal again to the Bombay Bill which also fixes the maximum age limit at 12.

(10) As regards the penalties, the Committee are opposed to the imposition of any penalty of imprisonment. The imposition of fines would be a sufficiently deterrent punishment for failing to carry out the provisions of the Bill.

(11) The Committee would also like to invite the attention of the Government to Clause 19 of Mr. Kabir's Bill regarding the powers proposed to be given to the police officers. This clause appears to the Committee to be the most objectionable one in the Bill. They are constrained to point out that the public have got very little confidence in the police on account of their past traditions and present reputation. The Committee need hardly point out that if the administration of the Act is left in the hands of the police, there will be no end to the difficulties and harassments of the people. The Committee suggest instead the appointment of special inspectors for this purpose. They may point out that it would not be necessary to appoint a large number of such Inspectors. It would suffice to have a few only, who could be confidentially approached by employees having any complaints to make with regard to breaches of any of the provisions of the law. The Inspector would, therefore, pay surprise visits. In any case, the Committee are strongly opposed to the Police being given any hand in the administration of this law particularly as this act would be applicable to thousands of small proprietors and shopkeepers who could be easily harassed and put to inconvenience.

I regret the delay which has occurred in sending the views of the Committee on the proposed regulation of the conditions of work of shop assistants but the delay is due to the fact that the Committee had to make extensive investigations and enquiries before reaching conclusions on an important and far-reaching matter of this nature. I am, however, directed to express the hope that the above suggestions will receive careful consideration of the Government.

Copy of letter No. 7938-Com. dated the 11th July, 1938.

*From the Government of Bengal, Commerce and Labour Department
to the Chamber.*

With reference to your letter No. 01280, dated the 27th June, 1938, I am directed to say that a draft Bill called the Bengal Regulation of Shop Labour (Hours, wages, compensation for accident) Bill to regulate the conditions of work of employees in all classes of shops is under the consideration of Government at present and that the opinion of your Chamber on the provisions of this Bill may be furnished to Government when it is published for general information and criticism.

UNITED PROVINCES GHEE COLOURISATION BILL.

Letter dated the 1st March, 1938.

*From the Chamber to the Government of United Provinces,
Finance Department.*

RE:—United Provinces Ghee Colourisation Bill.

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the above Bill which has been introduced in the United Provinces Legislative Assembly and referred to a Select Committee.

It appears to the Committee that the provisions of the Bill as introduced in the Assembly are impracticable. The Bill seeks to prevent adulteration of ghee by requiring "all artificial ghee sold, exposed or stored for sale in the United Provinces" to be coloured in the manner required by the local Government. The definition of "Artificial Ghee" as given in the Bill is very vague. It can only be a matter of opinion what products "look like ghee" and it would be impossible for the manufacturer to say whether such products are to be used for an entirely *bona fide* purpose or are meant to be "passed off as ghee." Moreover, this definition does not seem to include animal fats which are extensively used for adulteration of ghee and the use of which is not only harmful to public health but is also repulsive to the religious sentiments of both Hindus and Muslims.

Another very serious drawback which renders the bill impracticable is that being a provincial measure it seeks to deal with a very important question of an All-India nature. The Bill if passed into Law would mean that all vegetable oils and other products that "look like ghee" which are sold or exposed or stored for sale in the province must be coloured in the manner required by the local Government. As the Government of United Provinces must be aware, there are Factories in India manufacturing vegetable product which are outside the jurisdiction of that province. The Committee do not know whether it has been taken into account that by passing a provincial measure like the one now before the United Provincial Assembly, the manufacturers outside the province cannot be expected to colour the whole of their product which is sold throughout India. It is not also practicable for the manufacturers to anticipate what quantity and what specific portion of the manufactured goods would ultimately find their way into the United Provinces, and colour only that much. Moreover, it will be very difficult for the Government of United Provinces to prevent all uncoloured vegetable products entering the province.

Apart from the fact that provisions of the Bill now before the United Provinces Assembly appear to be impracticable and difficult of enforcement as pointed out above, they will also hit the indigenous vegetable product Industry. The Government must be aware that there is a large trade in vegetable product as such and it is being used in increasingly large quantities for direct consumption as a cooking medium particularly by the poorer class in the cities and towns. Thus, while compulsory colourisation of this product may prevent its being used by some unscrupulous dealers as an adulterant for pure ghee it will also at the same time affect its sale and use for direct consumption as such. Colourisation of vegetable product will create a prejudice in the minds of consumers and a coloured vegetable product will not find such a ready market as the uncoloured substance. It will thus be a great setback to this growing indigenous industry if the Bill above referred to is passed. India is one of the largest producers of vegetable oil, in the world and oil milling is one of the largest industries of this country. The vegetable product industry in India which is of comparatively recent origin has already displaced large imports of the substance from foreign countries. The total consumption of oil seeds of this country is over 1,00,000 tons annually, the crushing of which provides employment for a scores of mills throughout the country. The proposed measure, while it may not be able to stop completely the adulteration of ghee, will deliver a very hard blow to

this indigenous vegetable product industry and will thus be detrimental to the interests of not only a large number of businessmen and traders but also of a large number of growers. It has been established beyond doubt by analyses and is supported by eminent dieticians that vegetable product is a perfectly wholesome article of diet and in a poor country like India where a large percentage of population suffers from malnutrition, it is deserving of a place in the dietary of the people owing to its high fat content and its comparative cheapness.

While the Committee are in sympathy with the object of preventing fraud being practised upon the public by the sale of any mixed product as pure ghee, they would like to emphasize that the sale of adulterated foodstuffs as pure can be prevented by Municipal action. Proposals for colouring various oils and products have been made before and rejected as impracticable after thorough investigation for apart from the fact that colouring of all possible adulterants is not possible, such colourisation would create innumerable difficulties and complications in as much as such substances are extensively used for many other purposes.

In view of what they have stated above, the Committee of this Chamber are opposed to the Bill which has been brought forward before the United Provinces Legislature for the colourisation of all vegetable oils and products etc., which "look like and pass for ghee."

BENGAL MUNICIPAL (AMENDMENT) BILLS AND BENGAL LOCAL SELF-GOVERNMENT (AMENDMENT) BILL.

Copy of letter No. 5234-48 L.A. dated the 2nd December, 1937.

From the Secretary Bengal Legislative Assembly to the Chamber.

I am directed to forward herewith a copy of the Bengal Municipal (Amendment) Bill, 1937, by Mr. Sukumar Dutta, M.L.A., with Statement of Objects and Reasons and to request that you will be so good as to favour this office with an expression of opinion of your Chamber on the provisions of the Bill.

2. I am to request that reply may be sent so as to reach me by the 31st March, 1938.

Copy of letter No. 3794-3931 L.C. dated the 30th November, 1937.

From the Secretary Bengal Legislative Council to the Chamber.

I am directed to forward herewith a copy of the Bengal Municipal (Amendment) Bill, 1937 which was introduced in the Bengal Legislative Council by Mr. Nur Ahmed, M.L.C., and with regard to which a motion that the Bill be circulated for the purpose of eliciting opinion by the 31st March, 1938 was carried in Council.

I am to request that the opinion of your Association on the provisions of the said Bill may kindly be forwarded to me as early as possible and in any case not later than the 31st March, 1938.

Copy of letter No. 5161-74 L.A. dated the 29th November, 1937.

From the Secretary Bengal Legislative Assembly to the Chamber.

I am directed to forward herewith a copy of the Bengal Local Self-Government (Amendment) Bill 1937, by Mr. P. Banerji, M.L.A. with Statement of Objects and Reasons and request that you will be so good as to favour me with an expression of opinion of your Chamber of Commerce on the provisions of the Bill.

I am to request that the reply may be sent so as to reach me by the 31st March, 1938.

Letter No. 01087 dated the 1st June, 1938

From the Chamber to the Secretary, Bengal Legislative Council.

I am directed to refer to your letter No. 3165-3205-Lc dated the 3rd May, 1938, inviting the views of the Chamber on the Bengal Local Self-Government (Amendment) Bill, 1937, by Mr. Humayun Kabir, M.L.C. The Committee of the Chamber have given a very careful consideration to the provisions of the Bill. They note that the Bill seeks to amend the Bengal Local Self-Government Act of 1885 for the purpose of providing for the abolition of nomination to and the extension of franchise in all Local Bodies and to that end also to amend the Bengal Village Self-Government Act, 1919. While the Committee are agreeable to the principles enunciated in the Bill, they are

of the opinion that it is desirable that such important amendments to the Act should be sponsored by the Government rather than by a private member. They feel, therefore, that it would be better if the Government brought a Bill incorporating such amendments.

Letter No. 01228 dated the 23rd June 1938

From the Chamber to the Secretary, Bengal Legislative Assembly.

In continuation of my letter No. 647 dated the 23rd, March, 1938, regarding the Bengal Municipal (Amendment) Bill 1937 as introduced in the Assembly by Mr. Sukumar Dutta, I have to state that the Committee have considered the provisions of the Bill and are agreeable to the principle suggested in the amendments that the appointment of Commissioners by the Government on the Municipal Boards should be abolished. The Committee are however of the opinion that it is desirable that such important amendments to the Act should rather be sponsored by the Government.

Letter No 01225 dated the 23rd June, 1938

From the Chamber to the Secretary, Bengal Legislative Assembly.

In continuation of my letter No 643 dated the 23rd March, 1938, regarding the Bengal Local Self-Government (Amendment) Bill, 1937, as introduced in the Assembly by Mr P. Banerji, I have to state the views of the Committee as follows:—

Regarding the amendment proposing abolition of the system of nomination in local bodies, while the Committee are agreeable to the principle involved in the same, they would like to point out that such important amendments should be sponsored by the Government rather than by a private member. As regards the proposed addition of a new section 9 A in the Act relating to adult franchise, the Committee are doubtful if it is possible to introduce such a system, owing to the administrative difficulties that would arise in actual practice. Although at present the lists of persons paying certain taxes in the villages are maintained, the Committee are not aware if lists containing the names of all persons above 21 would be available. They are of the opinion therefore, that it would be difficult to apply the principle of adult franchise in every constituency.

AMENDMENT TO AUDITORS' CERTIFICATE RULES, 1932.

Letter No. 00531 dated the 9th March, 1938.

*From the Chamber to the Government of India, Department of
Commerce.*

I am directed to invite reference to your Notification No. 30-A (1)|37 dated the 19th February, 1938, regarding the draft of a further amendment to the Auditors' Certificate Rules, 1932 a copy of which was forwarded to this Chamber. I have to state that the Committee are agreeable to the amendment.

BENGAL AGRICULTURAL DEBTORS, BILL.

Copy of letter No. XXXI dated the 4th March, 1938.

From the Secretary Bengal Legislative Council to the Chamber.

I am directed to forward herewith a copy of the Bengal Agricultural Debtors Amending Bill, 1937 with Statement of Objects and Reasons by Khan Bahadur Saiyed Muazzamuddin Hosain, M.L.C. and to request you that the opinion of the Indian Chamber of Commerce on the provisions of the said Bill may kindly be forwarded to me as early as possible and in any case not later than the 31st March, 1938.

Letter No. 01424 dated the 16th July, 1938.

From the Chamber to the Secretary, Bengal Legislative Assembly.

In continuation of my letter No. 644 dated the 23rd March, 1938, regarding Bengal Agricultural Debtors' (Amendment) Bill, 1937, I am directed to state that the Committee have considered the Bill referred to above and have to give their views on the same as under:—

Without entering into the details of the Bill, the Committee would like to point out that one of the shortcomings of the present Bengal Agricultural Debtors' Act is that it is often taken advantage of by persons who are not *bonafide* agriculturists. Persons who have incurred debts in a number of other ways often seek protection under the Act. When the law enables such persons to evade payment of their

dues, the availability of the credit on the country side is naturally impaired. Moreover, the debt settlement Boards also at times function in a way which helps such evasions. Even in cases in which the debt is adjudged by a proper Court of Law, exemptions are given which put the party advancing the money in a difficult position. The Committee believe that such evasions abuse the provisions of the Act and restrict the easy credit available to the agriculturists. The Committee would, therefore suggest that provision should be made to see that only *bonafide* agriculturists take protection under the Act and no deliberate evasions are possible.

DRAFT COAL MINES RESCUE RULES

Copy of Memo No. 2223-30/Com. dated the 5th March, 1938.

*From the Government of Bengal, Department of Commerce
and Labour to the Chamber.*

Notification by the Government of India, Department of Labour, No. M-955, dated the 15th February, 1938.

Copy forwarded to the Secretary, Indian Chamber of Commerce for information. Any opinion which your Chamber may desire to submit through the Provincial Government should reach this department by the 1st May, 1938.

Letter No. 00928 dated the 30th April, 1938.

*From the Chamber to the Government of Bengal, Department
of Commerce and Labour.*

I am directed to refer to your memo No. 2223-30|COM dated 5th March, 1938, inviting the views of the Chamber on the Government of India Department of Labour Notification No. M. 955 dated 15th February, 1938, regarding the Draft Coal Mines Rescue Rules. The Committee have given a careful consideration to these rules which the Government of India propose to make in exercise of the powers conferred by Section 30 (a) of the Indian Mines Act 1923, and find themselves in agreement with the same. They would however like to make the following suggestions.

According to Rule 4 (iii) of Chapter II of the Rules, the Committee for the establishment, maintenance and management of Rescue Stations is to consist of, inter alia, one person nominated as a result of an election held by an electoral college consisting of the members of the Indian Mining Federation and the Indian Colliery Owners Association. The Committee of the Chamber would like to point out that the Indian Colliery Owners Association, Jherriah, is an important representative body of the collieries in that area, and it should be given the right therefore to elect one member on the Rescue Stations Committee independently.

The Committee would also like to refer to Rule 19 of Chapter III which provides for the levy and collection on all coal and coke despatched by rail from collieries of an excise duty at the rate of $1\frac{1}{2}$ pies per ton for one year from the 1st of July, 1938. The Committee are of the opinion that such a duty should be leviable only on those mines which are gassy and where fire exists. Small mines should be exempted from such excise duty as they will not be able to afford this cess and expenditure.

Rule 34 of Chapter V lays down the scale on which, fully trained men to cooperate with the Rescue Stations in rescue work and practice, are to be appointed by the Manager of every mine situated in the areas to which these Rules apply employing 100 or more persons underground. The Committee feel that this rule should be applied in case there are 100 or more persons, employed underground *at one time* i.e. for one shift of 8 hours.

The Committee trust that the suggestions made above will receive careful consideration of the Government.

DRAFT AMENDMENTS TO THE INDIAN ELECTRICITY, RULES, 1937.

Copy of letter No. 00793 dated the 11th April, 1939.

*From the Chamber to the Government of Bengal, Department of
Commerce and Labour, Calcutta.*

I have to acknowledge the receipt of your letter No. 2563-73|Com. dated the 15th March, 1938, inviting suggestions from this Chamber on certain draft amendments to the Indian Electricity Rules, 1937, and to state that the Committee have no views to offer in the matter.

BENGAL MONEY LENDERS BILLS.

Copy of letter No 138-44 J.D. dated the 18th May, 1938.

*From the Government of Bengal, Judicial and Legislative
Department to the Chamber.*

SUBJECT:—Bengal Money-Lenders (Amendment) Bill.

A Select Committee is to meet on the 28th instant to consider three private members' Bills relating to money-lending, and proposing amendments to the Bengal Money-lenders Act, 1933, reducing the maximum rates of interest therein prescribed. In connection with a similar bill introduced in the old Bengal Council in 1936, the Reserve Bank were consulted and suggested that compulsory reduction of the maximum rates below certain rates would be unreasonable.

The following table shows the various rates in question.

	Unsecured.	Secured.	Compound.
Bengal Money-lenders Act, 1933 ...	25	15	10
Bill of Mr. R. Tarafdar ...	9	6	3
„ „ A. Hakim ...	9	5	—
„ „ A. Hosain ...	9	5	3
Reserve Bank ...	18	10	8

It is to be noted that the present Act does not apply in Calcutta, and that the amending bills do not propose to extend the provisions to Calcutta (i.e. the area of the original civil jurisdiction of the High Court). Further it seems certain as the Provincial Legislature cannot now legislate as regards 'banking' as mentioned in item 28 of List I of Schedule VII of the Government of India Act, the amendments cannot affect the rates of interest charged by banking corporation of the type mentioned therein.

I am to request you to let me have the views of your Chamber as to whether any change in the present maximum rates should be made, and if so what should be the maximum fixed. If there is not time for you to consult so as to be able to answer on behalf of your Chamber, I should be obliged if you would let me have your personal views. A reply is requested by the 27th instant and it should be addressed to Darjeeling.

Letter No. 1020 dated the 21st May 1938.

From the Chamber to the Government of Bengal, Judicial Department.

RE:—Your letter No. 138-44 JD D|- 18th May, 1938.

I am directed by the Committee of the Indian Chamber of Commerce to convey to you their opinion on the Bengal Money Lenders' (Amendment) Bills that have been introduced in the Bengal Legislative Assembly and jointly referred to a Select Committee.

The Indian Chamber of Commerce have always demanded the prevalence of cheap money conditions in the country, which is equivalent to the prevalence of low rates of interest. Nevertheless the Committee cannot see their way to support the measures referred to above which aim at a reduction of the rates of interest of monetary transactions within the Province. This attitude of the Committee no doubt requires explanation. The Committee, in the first place, do not want to see financial transactions in this Province unduly handicapped and hampered. Moreover, they have to point out that the creation of cheap money conditions depends largely on the policy regulating currency and credit, which is controlled by the Reserve Bank of India and the Government of India and is outside the sphere of a Provincial Government.

It is, therefore, essential to bear in mind the position in regard to the rate of exchange. No doubt the Government of Bengal are aware that the rate of exchange has recently fallen from the Upper gold point, namely, 1s. 6-3|16d. to very nearly the lower gold point and has been quoted at 1s. 5-7|8d. The volume of favourable balance of trade of the country, which would sustain the rate of exchange, has seriously diminished. It is therefore, not beyond the range of possibility that despite the desirability in the interest of the country to allow the rate of exchange to drop, the Reserve Bank may be compelled by the Central Government to adopt a policy of contraction of currency and credit. The Reserve Bank in pursuance of orthodox financial doctrines may, therefore, raise the Bank rate and adopt other methods of contraction of currency and credit at no distant date.

The Committee have mentioned the above factors in order to warn the Provincial Government and Legislature who are powerless in regard to the currency and credit policy of the country against hasty

measures for controlling the rate of interest within the Province as such measures may tend to paralyse the entire credit system in Bengal.

The Committee desire to make it clear, however, that favouring as they always have done cheap money conditions they do not oppose in to the lowering of the rates of interest mentioned in Section 3 of the Bengal Money Lenders' Act, 1933, which are 15 per cent per annum in the case of a secured loan and 25 per cent per annum in the case of an unsecured loan. The Committee hold that the time has come when an endeavour should be made to fix lower maxima in the case of future transactions. But they consider that the rates of 5 per cent and 9 per cent suggested in Mr. Ahmed Hossain's Bill or the rates of 6 per cent and 9 per cent mentioned in Maulvi Rajibuddin Tarafdar's and Maulvi Abdul Hakim's Bill are too low. The Committee desire to point out that even in the present market conditions, when the Bank rate of 3 per cent per annum has been in operation for several years, it is not possible even for big industrial concerns to float mortgage debentures at less than 6 per cent per annum with compound interest. To expect that people in the Province, who have either no security or substantially less valuable security to offer, can secure loans at 9 per cent and 5 or 6 per cent respectively is, therefore, to hope for the impossible. First mortgage transactions on industrial or Calcutta House properties within recent years carrying a rate of compound interest of 8 or 9 per cent per annum are not unknown; and these are transactions effected by merchants and persons who cannot by any means be said to be duped or unduly pressed. The Committee feel confident that the Provincial Government and the Legislature will not desire to fix maxima rates which would have the effect of impairing credit on the country side. In such circumstances, the Committee cannot recommend rates lower than 9 per cent per annum in the case of a secured loan or 12 per cent per annum in the case of an unsecured loan to be inserted in Section 3 of the Bengal Money Lenders' Act.

As regards an amendment of Section 5 of the Bengal Money Lenders' Act sought by all the three bills to alter the rate of 10 per cent per annum in the case of a contract which provides for the payment of compound interest to 3 per cent per annum, it appears to the Committee to be a highly objectionable clause. It is true that the Bank rate at present is 3 per cent per annum but the meaning of the Bank rate is the rate of interest at which demand loans would ordinarily be given by the Reserve Bank on the security of Government promissory notes. Such bank rate undergoes alteration from time to time and not long ago was as high as 8 per cent per annum. It is obvious that prudence would

no' justify the fixing of anything like 3 per cent per annum as the maximum rate of interest in respect of any contract which provides for the payment of compound interest. A stipulation of compound interest is an invariable feature in all commercial transactions. As has been pointed out above, indications are not wanting that the bank rate may, in spite of public protest, be increased in the near future. The Committee would, therefore, suggest in all earnestness that for maintaining the credit structure in the Province it is not desirable to reduce the rate of interest mentioned in Section 5 of the Bengal Money Lenders' Act, 1933.

The Committee have further to mention that Clause 4 of Mr. Ahmed Hossain's Bill contains a very dangerous principle, namely, taking into account the previous payments towards interest. It is not unusual for accounts to remain pending for several years (at comparatively low rate of interest) while interest is paid regularly. Assuming that an account has remained in operation for 20 years at 6 per cent, the effect of Section 4 of Mr. Ahmed Hossain's Bill would be that the creditor would have to disgorge 20 per cent of the principal simply because interest at 6 per cent has been paid for 20 years. If the principle is carried to its logical conclusion, the Government of India would be entitled to treat all the 3½ per cent Government papers as having been fully paid off by reason of the fact that more than double of the principal has been paid off by way of interest.

The principle enunciated in Clause 6 of Mr. Ahmed Hossain's Bill that the debtors shall be entitled to an order for refund of any amount, realised as interest, in excess of double the principal of the loan is even more dangerous for obvious reasons. The Committee trust that clauses 4 and 6 of the Bill will not be accepted.

As regards Clause 7 of Mr. Ahmed Hossain's Bill, the extension of powers under the Act to a union court does not seem to the committee to be justified. The committee feel that the powers of contracts should not be conferred on any court which is less than the rank of a munsiff.

The Committee are also opposed to the provisions of Clause 5 of Maulvi Abdul Hakim's Bill making it compulsory on the court to grant annual instalments to be paid in equal amounts within a period not exceeding 12 years without any interest on the decretal amount. The

Courts have always powers to grant reasonable instalments but to accept the principle put forward by Maulvi Abdul Hakim would be tantamount to encouraging the debtor to abstain from paying his debts and continue the debt without liability for interest. Supposing a loan is given at 9 per cent per annum and a suit is filed after three years and if the court grants annual instalments without interest for 12 years the result would be that the rate of interest is automatically reduced to about 3 per cent per annum only.

The Committee would like to make one observation of a general nature in connection with these Bills. For the relief of the Agriculturists, the Bengal Agriculturist Debtors' Act is already in operation and the Agriculturists who need protection get it under the provisions of that measure. It is unreasonable for extraordinary measures to be passed for the benefit of people other than the Agriculturists in order to enable them to alter contracts which they have made with the full knowledge of the liability undertaken. In case of liability to pay debts, people can have recourse to the Insolvency Courts and there seems to be no justification for any interference by the legislature with the performance of contracts which are entered into by private persons with the full knowledge of their implications. In any event, the Committee have very strong objections to making the operation of any new law retrospective in its effect so as to alter or modify contracts already made in complete accordance with the law prevailing at the time.

The Committee have so far dealt with the provisions of the Bills on the assumption that the Provincial Legislature is competent to pass the measures but it is doubtful whether the Provincial Legislature is so competent under the Government of India Act. Promissory notes, Bills of Exchange and banking (by incorporated companies) are included in List 1 as subjects over which only the Central Legislature has jurisdiction. The Provincial Legislature is debarred from passing any measures which would affect Promissory notes, Bills of Exchange and Banking. The Bills clearly encroach upon these subjects. The Committee feel it to be their duty to point out this constitutional difficulty in the enactment of these Bills by the Provincial Legislature.

Copy of letter No. 6105-16 J dated the 19th July 1938.

*From the Government of Bengal, Judicial and Legislative
Department to the Chamber*

SUBJECT:—Bengal Money Lenders Bill 1938.

I am directed to forward herewith a copy of the Bengal Money Lenders Bill 1938 which Government propose to introduce in the

ensuing session of the Legislative Assembly on the 2nd August 1938 and to request that Government may be furnished with the views of your Chamber on the provisions of the Bill by the 31st July at the latest.

Letter No. 1557 dated the 3rd August, 1938.

*From the Chamber to the Government of Bengal, Judicial and
Legislative Department.*

I am directed to invite reference to your letter No. 6105-16J dated the 19th July 1938 regarding Bengal Money Lenders' Bill 1938 which the Government propose to introduce in the Legislative Assembly. The Committee had occasion to address the Government in May last in connection with three non-official bills dealing with the same subject. The Committee understand that in view of this comprehensive measure sponsored by the Government, the three non-official bills will be dropped. While the Committee note with satisfaction that many points raised by them in their previous communication have been met with and incorporated in the present bill they need hardly point out that the measure is of great importance to the Commercial Community and as such the time allowed by the Government for the consideration of this important measure was anything but adequate. The Committee were practically given a week within which to submit their views on this important piece of legislation. Within the short time available to them it has, obviously, not been possible for the Committee to give a very detailed consideration to the Bill. I am, however, directed to give below in brief the criticism which the Committee have to offer in this connection.

In clause 1(3), the Committee would suggest that the following words should be added after the word "appoint"—"and different dates may be so appointed for different provisions".—

In Clause 2 before the definition of "capital", a definition of the word "business", as under, should be added.

"Business means a habitual and regular occupation as a profession and does not include casual dealings".

In Clause 2(6) the two Acts mentioned—the Indian Insurance Companies Act, 1928 and Indian Life Assurance Act 1912—have been repealed by the Indian Insurance Act, 1938.

In clause 2(10) (e), the words "other than a promissory note" should be deleted as they are inconsistent with the provisions of the Government of India Act, 1935.

In Clause 2(10)(f) after the words "banking" the following words should be added—"transport, hotels, restaurants" and in the last line after the word "proprietor" the word "or principal" should be added.

In clause 2(11) in the definition of "Money Lender" the words "habitually and regularly" should be added after the word "who" in the first line and at the end of the definition the following words should be added—"but does not include those mentioned in (b) to (d) of sub-section 10 of this section or other corporations within the meaning of the Government of India Act, 1935, 7th Schedule List No. 1, item No. 33.

In clause 2(12) in the second line after the words "mean the business of," the words "habitual and regular" should be added and the words "either solely or in conjunction with any other business" should be deleted.

In Chapter III, clause 12(i) the words "which was not suspended or cancelled or" should be deleted as the Money Lender should be permitted to recover his dues and the words "by lapse of time" should be added at the end of this sub-section.

In clause 13(1) (d) it is stated "that the applicant or any person responsible or proposed to be responsible for the management of the applicant's money-lending business has been convicted of an offence under Chapter XVII or sections 465, 477 or 477A of the Indian Penal Code." However, mischief and criminal trespass should be excluded from the offences mentioned here.

In clause 14(1) the deposit required is a sum of Rs. 50 or if such a person is a borrower, such sum or $2\frac{1}{2}$ per cent. of the principal of his loan whichever is less. This deposit should be increased.

After clause 19, a new clause 19A should be added as under :

19A. "Nothing in this Chapter shall apply to a Corporation within the meaning of item 33 of list (1) in the 7th Schedule of the Government of India Act, 1935."

Clause 20 of the Bill requires the money lender to keep and maintain a Cash Book and Ledger in the prescribed form. Similarly clause 21 provides that the money lender shall furnish each of his borrowers with a legible statement of accounts in the prescribed forms. It will, however, be difficult for a majority of the money lenders especially in the countryside to keep their accounts according to certain prescribed forms which may be found intricate by them. In the same way, there is no necessity of furnishing the statement to the borrower also in the prescribed form. It should however be provided that the statement should contain certain important items.

In clause 23(a) instead of the words "before deciding the claim on merits" the words "if the issue is raised by the borrower" should be substituted.

In clause 25(1), the words "whether before or" should be deleted.

In clause 26(1) the word "due" should be added after the words "debt" in the second line.

Clause 27 of the Bill should be deleted but in case it is retained the rate of interest should be $7\frac{1}{2}$ per cent instead of 5 per cent and in sub-clause 2 of this clause after the word "money lender" in the second line the words "in respect of a loan advanced by him after the commencement of this Act" should be added. Similarly, sub-clause 2(c) of this section should be wholly deleted but in case it is retained the rate of interest should be $7\frac{1}{2}$ per cent. instead of 5 per cent.

In Chapter VI, clause 30 the following words should be added after the words "compound interest" in the third line "but the same shall be treated as having been made for the payment of simple interest."

In clause 31 the words "and in determining the amount of interest which may, subject to the provisions of this Chapter, be decreed in respect of such loan, the court shall take into consideration the market value of the commodity in the said locality at the due date of repayment" should be deleted. The Court will pass a money decree and it does not appear how the question of valuation at the due date can arise.

In clause 32 of the Bill it is not clear whether the provisions will apply to the loans made before this Act or only loans given after the commencement of this Act. It should, therefore, be made clear that this clause will have no retrospective effect.

There should also be a provision to pay brokerage to brokers who will negotiate transactions on account of the borrower.

In clause 33(1)(a) the words "whether before or" in the 4th line should be deleted.

In clause 34 of the Bill the words in sub-clause 1(d) "in respect thereof" should be deleted and the following words should be substituted "as having been paid in excess of the total amount due to the lender under the provisions of this Act." In the proviso to this clause, the period of 3 years mentioned should be changed to 2 years as 3 years is the period of limitation.

Clause 35(1) in the 4th line after the words "loan" the following words should be added—"advanced after the commencement of this Act."

In clause 36(2) the following words should be added after the words "received the sum"—"without prejudice to any claim that he may have to receive further amounts."

In clause 37(1) instead of the words "lender" in the first line, it should be "money lender" and after the word "security" in the third line, the following words should be added "bond, relating to a loan." Sub-clause 3 of this clause should be deleted but in case it is retained, the word "bond" should be added after the word "security."

In the proviso to the explanation in clause 38(1), the word "only" after the word "purpose" should be deleted and the word "formal" after the words "making a" should also be deleted.

Clause 39 of the Bill should be wholly deleted but in case it is retained the following words should be deleted "if no specific penalty has been provided in this Act, be punishable:—

- (i) for the first offence, with fine which may extend to two hundred rupees,

- (ii) for the second offence, with fine which may extend to five hundred rupees, and
- (iii) for any subsequent offence, with rigorous imprisonment which may extend to three months and shall also be liable to fine."

The following words should be added in the place of these words "be deemed to be guilty of the offence committed."

In the schedule the fees mentioned seem to be high. It should be.

Mufassil	...	...	...	Rs. 25
Calcutta, first class	...	...	..	15
Calcutta, second class	...	...	..	10
Calcutta, third class	...	...	..	5
Provincial	...	...	..	30

The Committee trust that the above suggestions will receive your careful consideration.

PROPOSED LEGISLATION FOR THE REGISTRATION OF TRADEMARKS IN INDIA.

Copy of letter No. 6365-72-Com. dated the 8th June, 1938.

From the Government of Bengal, Department of Commerce and Labour to the Chamber.

I am directed to forward for information a copy of a letter from the Government of India, Department of Commerce, No. 401(24)-Tr. (I.E.R.)/38 dated the 30th May, 1938 and of the report annexed therewith on the subject of proposed legislation for the registration of Trade Marks in India and to request that the Provincial Government may be furnished with the views of your Chamber on the provisions of the draft Bill, particularly in regard to the scale of fees to be prescribed with reference to Clause 40, as early as possible but not later than the end of the first week of July, 1938.

(ENCLOSURE TO THE ABOVE LETTER)

Copy of letter No. 401(24)-Tr.(I.E.R.)/38 dated the 30th May, 1938.

From the Government of India, Department of Commerce,

2. The opinions expressed on the proposal by commercial interests and the Provincial Governments have been fully examined and certain

tentative conclusions have been reached which are briefly summarized in a report in three parts, copies of which are enclosed. Part I of the report sums up the case for and against legislation and indicates the lines on which the Bill has been drafted, while the Bill itself forms Part II of the report. Part III consists of explanatory notes on the Provisions of the draft Bill which embodies the proposed scheme of registration. As is pointed out in Part I, the provisions of the draft Bill do not represent the final views of Government or the form which the legislation may ultimately take. The proposals have been set out in this form in order to facilitate consideration of the details of the scheme and a final draft of the Bill will be prepared after the views of the various interests on the present proposals have been ascertained and examined.

3. I am to request that the views of such commercial bodies as the Government may consider necessary may be obtained and forwarded to the Government of India together with the Provincial Government's observations. The suggestions of commercial interests may, in particular, be invited with regard to the scale of fees to be prescribed with reference to clause 40 of the draft Bill.

4. I am to request that the reply to this letter may kindly be sent before the end of July 1938.

Letter No 1382 dated the 7th July, 1938.

*From the Chamber to the Government of Bengal, Department of
Commerce and Labour.*

I am directed to refer to your letter No. 6365-72-Com dated the 8th June, 1938, forwarding therewith copy of a letter from the Government of India, Department of Commerce together with a Report on the subject of the proposed legislation for the registration of Trade Marks in India, and to give below the views of the Committee on the same.

The Committee note that the scheme for the Registration of Trade Marks as envisaged in the draft Bill does not represent the final views of the Government of India but that it has been put forward in its present shape, with explanatory notes attested, so as to facilitate the discussion of the concrete proposals. The Committee appreciate this procedure and they hope that the Government of India

will be able to follow the same procedure at least in respect of all important legislations.

The Committee note that the proposals as incorporated in the draft Bill are very comprehensive and they find themselves in agreement with most of the proposals. They would, however, like to make the following observations in respect of some of them :—

(1) The word “court” has been defined in clause 2(1)(d). The Committee, however, find that at several places the word “tribunal” is also used apparently as synonymous with “court, e.g.,” in clauses 5(3) and 9(2). They suggest that the word “court” may be used uniformly or, in the alternative, the word “tribunal” should be defined in order to avoid any confusion.

(2) Clause 3 of the Bill provides for the maintenance of the Register of Trade Marks “at the Patent Office” only. The Committee do not find any reason for having been given for not accepting the suggestion of the commercial community to maintain copies of the Register at certain other important centres. The Committee are of opinion that in a vast country like India, it is essential to maintain certified duplicates of the Register at more than one centre, in order to facilitate inspection by those concerned. Even if the Chambers of Commerce “keep a complete file of the issue of the Trade Mark Journals,” as suggested in the explanatory notes, it will not fulfil the purpose for which the above suggestion is made. The Committee, therefore, suggest that provision should be made in the Bill for the maintenance of certified duplicates of the Register of trade marks at least at three more centres in addition to Calcutta, namely at Madras, Bombay and Delhi. These duplicates shall of course be open for inspection only, registration of trade marks being confined only to the head-quarters of the Patent Office namely Calcutta. Provision may be made in the rules that an applicant shall supply a certain number of copies of the registrable marks which would facilitate the maintenance of duplicate registers at the other centres. The Registrar may send certified copies of these duplicates to the other centres with the necessary instructions as regard their classification and entry in the register etc.

(3) The Committee would like to point out in this connection that there should be no objection to the supply of copies of the proposed Trade Marks Journal free of cost to the various Chambers of Commerce. The argument about extra expenditure raised in the

explanatory notes attested to the Bill, is hardly convincing as only about 50 extra copies of the journal will be required for distribution among the Chambers.

(4) The word "Register" at the end of sub-clause 3 of clause 3 appears to be a misprint for "Registrar," as also in sub-clause 2 of clause 4.

(5) *Clause 8.* The Committee suggest that the registration of the *pictures* of Indian Gods and Goddesses should also be excluded. The Committee find that the objection raised against the acceptance of this suggestion in the explanatory notes only refers to "names" of such deities. It appears that the suggestion with regard to the exclusion of the "pictures" (and not names) of Indian gods and goddesses has been missed.

(6) The provisions of clause 16 seem to have an effect of making it compulsory for owners of old marks to apply for registration of their trade marks as otherwise, after the passing of the Act, they will not have the right to institute any proceedings for the infringement of their trade marks if they are unregistered. However, from the explanatory notes to this clause, it appears that it is the intention of the Government of India to safeguard the rights of the owners of old marks though it is not borne out by the wordings of the clause referred to. Perhaps the word "and" in line 5 of clause 16 (1) has been put in place of the word "or." The Committee are of opinion that the rights of the owners of old trade marks should be safeguarded, and accordingly the word "and" in line 5 of sub-clause (1) of Clause 16 should be changed into "or."

(7) As regards fee for application for registration, and for the registration and renewal of trade marks, the Committee suggest that these should be fixed at Re. 1 Rs. 5 and Rs. 5 respectively. The Committee need hardly reiterate that it is essential to keep the fees at a moderate level in view of the fact that there are a large number of smaller manufacturers who would not be able to take advantage of the scheme if the fees are fixed too high.

(8) With regard to the reciprocal arrangements as laid down in clause 58 of the Draft Bill, the Committee note that such arrangements are to be (1) in respect of the right of priority of registration under this Act, which arrangement is proposed to be made between India and the United Kingdom only and (2) in respect of the protection of Trade Marks already registered, which is to be applicable as

between British India and Indian States, Dominion and Foreign States. The Committee do not see as to why this difference has been made with regard to the making of reciprocal arrangements between India and the United Kingdom on the one hand and India and the Indian States, Dominions and foreign countries on the other. The Committee are of opinion that the arrangements with all outside countries or states should be uniform and strictly on the basis of reciprocity. The Committee do not also support the reservation of the power of making such reciprocal arrangements to His Majesty. Such power may be vested with the Government of India. Indian commercial interests are opposed to the right to negotiate and conclude any trade treaty or to enter into any reciprocal arrangement in respect of matters relating to India's, trade commerce and industry being vested in any other outside authority than the Government of India.

The Committee trust that the observations which they have made above will receive careful consideration of the Government in preparing the final Bill for submission before the Legislature.

PROPOSED INTRODUCTION OF ELECTIVE PRINCIPLE INTO APPOINTMENTS
TO THE INDIAN ACCOUNTANCY BOARD.

Copy of letter No 9-A (3)/37, dated the 2nd June, 1938.

*From the Government of India, Department of Commerce
to the Chamber.*

SUBJECT:—Proposed introduction of elective principle into appointments to the Indian Accountancy Board.

I am directed to invite your attention to section 144(2A)(o) of the Indian Companies Act, 1913 (VII of 1913) and to the rules contained in Part III of the Auditor's Certificates Rules, 1932, and to address you on the question of the introduction of the elective principle into appointments to the Indian Accountancy Board.

2. The ultimate object of the Government of India in appointing the Indian Accountancy Board was to set up an organization which in course of time would develop into an autonomous association of accountants able to assume complete responsibility for the qualification and conduct of its members. When the amendment of the Indian Companies Act which brought into being the Indian Account-

ancy Board, was considered in the Select Committee of the Legislative Assembly, the opinion was recorded that the first members of the Board should be nominated by the Governor General in Council for a fixed period but that on reconstitution, the Board should contain a progressively increasing elected element. The first Board, accordingly, consisted entirely of nominated members. At the time of appointment of non-official members for the second term of the Board, the Government of India carefully considered the question of introducing the elective principle in constituting the Board, but came to the conclusion that stage had not arrived which would justify the introduction of that principle. The Board, during its second term also, therefore, consisted of purely nominated members. The second term was due to expire on the 1st April, 1938, and in connection with the selection of members for the third term, the question again came up for consideration. The Provincial Governments who were consulted in the matter were all agreed that the time was ripe for such a step. The matter was also placed before the Board itself at its meeting held in December 1937 and was discussed at length. A resolution was ultimately adopted recommending that the second term of the Board should be extended by one year and that meanwhile a draft scheme for the introduction of the elective principle into appointments to the Board should be circulated for eliciting public opinion. The Board's recommendations have been accepted by the Central Government, who have therefore drawn up a tentative scheme, whose main features are explained in the enclosed memorandum. The scheme has been drawn up in order to facilitate discussion but I am to add that the Central Government are not committed in any way regarding the manner of nomination except that they wish to nominate one member to represent business interests in each of the four territorial constituencies. It is requested that any observations which Your Chamber may wish to offer on this scheme may be communicated by the 15th September, 1938 at the latest.

Letter No 01766 dated the 2nd September, 1938

*From the Chamber to the Government of India, Department of
Commerce.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite reference to your letter No. 9-A(3)/37 dated the 2nd June, 1938 regarding the proposed introduction of elective

principle into appointments to the Indian Accountancy Board and to state their views as under :—

The Committee appreciate that the Government of India in consultation with Provincial Governments and following the Resolution passed by the Indian Accountancy Board in December 1937 have proposed to introduce elective principle into appointments to the Accountancy Board as envisaged by the Select Committee of the Legislative Assembly. The Committee further note that the ultimate object of the Government is to develop the organisation into an autonomous association of accountants able to assume complete responsibility for the qualification and conduct of its members. The Committee would, however, point out that the elective principle now proposed to be introduced falls far short of the expectation of the profession in this connection. The proposed scheme restricts the eligibility for election to the Board only to Approved Accountants. There are, however, at present only 67 approved accountants with British Qualifications and 58 with Indian qualifications. The approved accountants who are 125 in number therefore, form a very small minority in comparison to the total strength of qualified accountants which is about 1000 and not 649 only as suggested by the Government. The Committee would further point out that "approved accountants" are only those practising accountants who are allowed by the Government to take in and train articled clerks for the Registered Accountant's Diploma. The number is, therefore, variable entirely at the discretion of the Government. To restrict the eligibility for election to the Board to this small number amounts, in the opinion of the Committee of this Chamber, to a clear injustice to other members of the profession. The Committee need hardly point out that the Select Committee of the Legislative Assembly, aimed by adding the proviso to Section 144(2) by the Act XIX of 1930 to prevent any discrimination even between practising accountants and non-practising accountants, a difference which is now implied in the Rules. The Committee would, therefore, emphasise that all registered accountants of a certain standing should be eligible for election to the Accountancy Board.

The Committee are further constrained to note that in the proposed scheme two seats are reserved for European Chartered Accountants in the Constituencies of Bengal and Bombay. The Committee are strongly opposed to the introduction of any racial or communal representation particularly in a professional organisation like the Accountancy Board where the criterion should be uniform for all members of the profession whether Indian or European. The Committee, therefore, suggest that no seats should be reserved for European

Chartered Accountants but that seats proposed to be reserved for them should be thrown open to all Chartered Accountants.

The Committee further note that out of the 20 seats, the Government have allocated four seats for the representation of business interests and have kept two seats apart "to redress any inequality." The Committee do not know as to what inequalities the Government has in mind which they want to redress. The representation of business interests on the other hand considering the various large interests that are to be represented is inadequate. The Committee, therefore, suggest that the number of seats allocated for business representation should be increased to six and that the right of nomination to these seats should be given to the Federation of Indian Chambers of Commerce and Industry which is the Central and most representative Organisation of Indian Trade, Commerce and Industry. The Federation elects representatives of Indian Commerce on a number of such central bodies and the Committee believe, it is appropriate that all these six seats in the Accountancy Board should be filled in by elected representatives of the Federation.

The Committee trust the suggestions they have made above would be accepted by the Government.

MOTOR VEHICLES BILL, 1938.

Copy of telegram dated 21st June, 1938

*From the Government of India, Department of Communications,
to the Chamber.*

Your letter June 17th please submit views on Motor Vehicles Bill to Bengal Government.

Letter No. 01210 dated the 21st June, 1938.

*From the Chamber to the Government of Bengal, Department of
Communications and Works.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to state their views regarding the Bill to Consolidate and Amend the Law relating to Motor Vehicles, which was introduced in the Central Legislative Assembly on the 18th March last and has been referred to a Select Committee.

The two main and avowed objects of the proposed legislation are to codify the law relating to Motor Vehicles in India and to smoothen the way for the co-ordination of Road and Rail Transports.

The Committee appreciate that the basic law relating to Motor Vehicles, viz., the Act of 1914 has now been antiquated. Along with the considerable increase in motor transport during the last 24 years there has also grown a large volume of Rules and Regulations made by various Provinces from time to time under powers granted by the said Act, and the necessity of a comprehensive legislation regulating the traffic uniformly for the whole of British India is generally felt. The Committee would, however, like to point out that the regulating provisions should not be so stringent as to cripple the very form of transport they seek to regulate. An equally important point which must be borne in mind is that the regulations should not prove an unbearable financial burden on this form of transport. The economic position of those who carry on this transport and the remuneration they derive from the same should be taken into consideration while imposing a new set of regulations.

As regards the question of co-ordination of Road and Rail Transport the Committee are constrained to point out that the provisions as incorporated in Chapter IV of the Bill are very unsatisfactory and are viewed with serious apprehensions. It is generally recognised that there should be an effective co-ordination between the two forms of transport, viz., Road and Rail. Co-ordination, however, does not mean that one form of transport should be sacrificed or subordinated to promote the interests of the other. Co-ordination should aim at better transport facilities for the people or, as the Mitchell-Kirkness Report put it, "to achieve the maximum efficiency" The Committee would like to point out that the attitude of the Government of India in this matter has, however, always raised serious misgivings in the mind of the public.

The Committee appreciate that a capital investment of Rs. 800 crores has been made in the Indian Railways and that the Railways as such are a national asset for which the tax payer has paid heavily. They would, however, like to point out that Motor Transport has got certain inherent advantages which the Railways do not possess. Motor traffic evolved out of the necessity of the people for a cheap form of transport. Apart from the cheapness, however, this form of transport is particularly suited to the conditions of the country in various other respects also. The present Commerce Member, the Hon'ble

Sir Zafrulla Khan himself stated in the Assembly in 1936 that "this form of transport serves many purposes which the Railways would not be able to serve if it went out of use altogether." In fact the rapid growth of motor transport is alone a test of its necessity. The Committee cannot do better than quote Sir Joseph Bhore when he pointed out in the Legislative Assembly in 1935 "whatever may be the strictly narrow Railway view of such competition, we must all admit that in the larger interests of the country, it is good that it exists, for only through such rivalry can the public be assured maximum efficiency in service at a minimum cost." It is moreover, admitted on all hands that but for such motor competition, there would hardly remain any inducement to the Railway to provide more frequent and improved train services or to adjust freight rates and fares according to the needs of the people. If such competition is therefore tried to be eliminated by imposing onerous conditions and undue restrictions on road transport it would create monopolistic apathy in the Railways to the prejudice of the public and business interests. The Committee, therefore, believe that the Railways instead of trying to cripple Motor competition should improve their own service. If the Railways introduce cheaper travel, run more trains, and provide increased speed and comforts, they would have less to fear from motor transport, which is still in a comparatively early stage of development. Motor transport has moreover helped the railways to some extent by opening up the interior to passenger and goods traffic through feeder roads and also by increasing the freight earnings on petrol which amount to as much as Rs. 40 lakhs. The Committee, therefore, while desiring a co-ordination between Road and Rail transports would point out that no measures to this end should try to curb the developments of or healthy competition from, motor transport.

The Committee would also draw your attention to the fact that the provisions for co-ordination in the Bill aim at co-ordination of only Road and Rail transports. Water transport is also an important form of transport, for example, in Bengal, and no provision is made to include the same in the proposals for the co-ordination of the different forms of transport.

Coming to the question of compulsory insurance of Motor vehicles against third party risks, the Committee would reiterate the view expressed by them before the Motor Vehicles Insurance Committee that conditions of motor transport and social conditions generally in India have hardly reached a stage where compulsory insurance

against third party risks would be absolutely necessary. They are aware of the finding of the Motor Vehicles Insurance Committee that India has a high rate of accidents compared to other countries but they feel that with the putting into operation of reasonable regulations with regard to safety of passengers and by the adoption of a systematic propaganda to acquaint the people with road rules and safety first precautions this high rate of accidents can be considerably reduced. In any case if the scheme of compulsory insurance is favoured the Committee would suggest that the State should undertake insurance at very low rate of premium limiting the amount of damages to a moderate figure. In any case, the Committee are strongly of opinion that suitable provisions must be included in the Act to ensure that the policies of insurance are taken only from national companies i.e., the companies not only registered in India with a rupee capital but who also have their Board of Directors with an Indian majority and effect their reinsurance with such Indian Insurance companies only.

The Committee would now deal with some of the important clauses of the Bill.

Clause 1 (3).—This sub-clause provides that Chapter VIII of the Act dealing with compulsory Insurance of Motor Vehicles shall come into operation after five years from the commencement of this Act unless before such time the Provincial Government by Notification in the Official Gazette so directs. In view of what they have stated above, the Committee of this Chamber are of the opinion that the whole Chapter VIII of the Bill should be deleted. If it is however, decided to retain Chapter VIII the Committee feel that the provisions regarding compulsory insurance should come into operation in all the provinces simultaneously.

Clause 2 (5) —“Driver” is defined to include a steersman, where a separate person acts as such as well as any other person engaged in the driving of the vehicle. The Committee think that the word “driver” should be clearly defined and it should not include the cleaner or any other person merely employed in assisting the driver.

Clause 7 (7) —This sub-clause provides for three separate clauses of tests of competence to drive a vehicle namely (a) the test in driving a motor car or a motor cab or a delivery van, (b) the test in driving a light vehicle and (c) the test in driving a heavy transport vehicle. Though it may be necessary to distinguish the test of competence in driving a light vehicle from the test in driving a heavy

vehicle, the Committee are of the opinion that it is hardly necessary to make a further distinction between the driving of a "motor car, a motor cab or delivery van."

Clause 9 (2).—This sub-clause provides that a license issued by a competent authority in any Indian State or in the French or Portuguese Settlements shall be effective throughout British India, so long as the holder is a *bona-fide* resident in such a State or Settlement. The Committee are of the opinion that such a privilege should be extended only if a reciprocal right is granted by that State or Settlement to Licenses granted in British India.

Clause 15—This clause authorises the Provincial Government to cancel the license of any person either for temporary period or permanently. The Committee think that a right to get the issue decided in a proper Court of Law should be granted to the person whose license is thus cancelled.

Clause 16.—Similarly, when a license is cancelled by the Regional transport authorities, the aggrieved person should be given the right to have the issue decided in a proper Court of Law.

Clause 17 (4).—In view of the opinion expressed by the Committee, that compulsory insurance is not necessary, this sub-clause will be redundant.

Clause 17 (5).—This sub-clause provides that the Court shall disqualify a person, convicted of driving under the influence of drink, from driving a motor vehicle for a period of six months. The Committee think that this period should be extended to one year.

Clause 28 (2).—This sub-clause provides that a motor vehicle registered in an Indian State or in the French or Portuguese Settlements shall not be required to be registered in British India. The Committee think that the privilege should be granted only if a reciprocal right is granted in that State, or Settlement to motor vehicles registered in British India.

Clause 41—According to this clause it is obligatory on the Provincial Government to constitute Regional Transport Authorities but the constitution of Provincial Transport Authority is optional. The Committee believe that the Provincial Transport Authorities, one of the functions of which is to co-ordinate the work of Regional Authorities, are absolutely necessary if Regional Transport Authori-

ties are at all constituted, Moreover, the Committee are of the opinion that Chambers of Commerce should be given representation on such Transport Authorities.

Clause 41 (3).—The Committee are against the constituting of these Transport Authorities as a Tribunal composed of “officials in the service of the Provincial Government.” They are of the opinion that there should be a non-official majority on these transport Authorities.

Clause 41 (3) (b) Proviso.—The Committee are strongly opposed to the proposal for granting representation to the Railways on the Regional and Provincial Transport Authorities. These transport authorities are mainly to regulate and control Motor Transport vehicles. As the rail and the Motor transport systems are competitors it is highly undesirable to give any representation to one on a body which seeks to regulate the other form of transport. Railways in no case may be allowed to adjudicate upon motor transport or to regulate the same.

Clause 44 (1).—This sub-clause confers very wide powers on the Regional Transport Authorities. The Committee are strongly opposed to the provisions enumerating such unessential matters to be considered by the Authority in the granting of a permit to a stage carrier. Serious apprehensions as to the motive of the Bill are entertained by the public on account of such provisions. The only matters within the purview of the Authority should be about qualifications of drivers, condition of the vehicles and necessity of the service. The requirement about the character of the person applying for a permit seems to be irrelevant.

Clause 44 (2).—This sub-clause authorises the Regional Authorities to fix the maximum and minimum fares for a transport service. The Government of India, so far as the Committee are aware, have always opposed a fixing of rates in respect of other forms of transport. They are therefore, surprised at the provision authorising such a regulation of fares in respect of motor transport. They are of the opinion that no such power should be granted to the Regional Authorities.

Clause 47 (c).—The Committee are of the opinion that this provision is unnecessary in view of the remarks they have made regarding clause 44 (1).

Clause 50.—The Committee are strongly opposed to the provision that the Authority shall consider, while issuing a permit to a private carrier, “the desirability of limiting long distance transport of goods by roads where reasonable facilities for such transport already exist” and “satisfy itself that the vehicle is genuinely necessary in connection with the business.” The Committee feel that this is an unnecessary interference with the rights of businessmen and firms to carry their goods in whatever manner they find advantageous. It should be remembered that the Railways have granted concessional rates only when long distance traffic began to be diverted to motor transport.

Clause 52 —The Committee are strongly opposed to the grant of such wide powers to the Transport Authorities particularly when their composition is also uncertain. These restrictive powers could very easily be used to cripple motor transport.

Clause 53 —The Committee are opposed to the provisions authorising the Regional Authorities to limit the number of motor vehicles, to specify certain routes over which only the vehicle can ply, to specify the nature of goods to be carried and the persons for whom the goods may be carried or to limit the maximum weight. In sub-clause (vi) the Regional Authorities are given powers to impose “any condition appropriate to the service which they think fit impose.” The Committee believe that these restrictions are unnecessary, and that permits should ordinarily be granted to public carriers after reasonable enquiries.

Clause 59 —The Committee are of the opinion that the permit granted by one Regional Authority for one region should be valid in other regions without any additional formalities.

Clause 69 (2) (b).—Sub-clause 2 of clause 69 prohibits among other things a person from driving or causing or allowing to be driven in any public place any motor vehicle or trailer,—“the laden weight of which exceeds the registered laden weight specified in the certificate of registration.” The registered laden weight in respect of a vehicle is defined in clause 2 (27) as the total weight of the vehicle and load certified and registered by the Regional Authority as permissible for that vehicle. The Committee have to point out that merchants have found from long experience that the registered laden weight of vehicles are usually on the low side and a considerably greater weight can be safely loaded into the vehicle. The Committee may point out, that so far as Calcutta is concerned, the present regulation about the

maximum loading of a vehicle is based on the registered axle weight of each axle and not on the registered laden weight. The Committee do not see any reason why the driving of the vehicle the laden weight of which exceeds the registered laden weight is proposed to be prohibitory. The Committee are strongly opposed to such a restriction being put as they feel that such a provision will not allow an economic working of the vehicle. They would therefore, suggest that this clause should be deleted .

In conclusion, the Committee would emphasise the necessity of uniformity of Rules under the Act in all the different provinces. They would also point out that there should be some provision made for maintenance and collection of proper statistics about motor transport. The Committee also feel doubtful whether the Provincial Governments, who are already hard put to in implementing their constructive programme owing to lack of funds, would be in a position to incur the additional expenditure in respect of transport Authorities, signals etc.

Letter No 01226 dated the 23rd June, 1938.

From the Chamber to the Government of India, Department of Communications.

RE:—Chamber's views on the Motor Vehicles Bill

I have to thank you for your telegram of the 17th June and as desired I have sent the views of the Chamber on the Motor Vehicles Bill to the Government of Bengal also.

I may, however, point out in this connection that the Chamber did not receive any communication from the Government of Bengal asking their views on the Motor Vehicles Bill and as the Bill was an important one, it was at their own initiative that the Committee sent their views to you. I drew the attention of the Secretary to the Communications and Works Department, Government of Bengal to this fact and I am now enclosing herewith a copy of his letter dated the 22nd June, 1938 in which he says that the Bengal Government did not invite "the views of any of the Chambers of Commerce on the Bill except the Bengal National Chamber of Commerce whom they have consulted at the request of the Government of India." My Committee are not aware as to the reasons for such instructions being

issued to the Government of Bengal by the Government of India and would like to be enlightened on this matter.

An early reply will oblige.

Copy of letter No. R60 dated the 29th June, 1938.

*From the Government of India, Department of Communications
to the Chamber.*

SUBJECT:—The Motor Vehicles Bill.

With reference to your letter No. 01226 dated the 23rd June, 1938, I am directed to say that in May 1938, the Bengal National Chamber of Commerce, Calcutta, expressed a desire to offer its views on the Motor Vehicles Bill and requested that a number of copies of the Bill might be supplied to it for that purpose. As the privilege of direct consultation on Bills circulated for eliciting opinion is not accorded to any individual or association and as it is left to provincial Governments to obtain opinions from such persons and bodies as they think fit to consult, the request of the Bengal National Chamber of Commerce was passed on to the Government of Bengal with the remark that, if they saw no objection, the Chamber might be given an opportunity to express its views on the Bill.

2. It will thus be seen that there was no intention of according the Bengal National Chamber of Commerce preferential treatment in the matter.
-

PREVENTION OF CRUELTY TO ANIMALS BILL, 1938.

Copy of letter No 328-36 P.I.D dated the 1st June, 1938.

From the Government of Bengal, Home Department, to the Chamber

In forwarding herewith a copy of the marginally noted documents regarding the Prevention of Cruelty to Animals (Amendment) Bill,

- | |
|--|
| 1. Bill as introduced with Statement of Objects and Reasons. |
| 2. Extracts from the Legislative Assembly Debates, dated the 4th April, 1938 regarding the Bill. |

1938, I am directed to request you to submit to Government the opinion of your Association on the provisions of the Bill at a very early date but not

later than the 15th June, 1938.

Letter No. 01160 dated the 15th June, 1938.

From the Chamber to the Government of Bengal, Home Department.

I am directed to invite reference to your letter No. 328-36 Pl.D dated the 11th June, 1938 re: Provention of Cruelty to Animals (Amendment) Bill 1938 and to give below the views of the Committee of this Chamber in the matter.

The Committee note that the Bill, aims to remedy the defects which have been found in the existing Act and in particular to make more effective provision for checking the practice of phooka. The Committee of this Chamber had in their letter dated the 13th May, 1937 requested your Government to make the offence of phooka a cognisable one. They feel that the powers granted by the proposed Section 13 to Police Officers and authorised persons for arresting without warrant, persons committing an offence under this Act, if that person refused to give his name and address, coupled with the powers under the proposed Section 14(g) about registration and the existing Section 8(1) of the Act about search Warrant will serve the purpose. The Committee are therefore agreeable to the provisions of the Bill.

The Committee would also point out here that in this province, the existing legislation authorises an imprisonment to the extent of two years for the offence of committing phooka and in case of repetition of the offence the award of a sentence of imprisonment is obligatory.

DEFINITION OF WAGES UNDER THE PAYMENT OF WAGES ACT.

Letter No 01300 dated the 30th June, 1938

From the Chamber to the Ahmedabad Millowners' Association

RE.—Payment of Wages

I am enclosing herewith copy of a news item which appeared in one of the local papers on the 25th inst., with regard to a case under the Payment of Wages Act tried in the court of the Ahmedabad City Magistrate. The Committee are seriously concerned over the judgment given by the trying Magistrate, including a conditional "bonus" in "wages" even if the condition pertaining to the grant of the bonus

is not fulfilled and making its deduction penal. Such an interpretation of the definition of wages is obviously a matter of considerable importance to Factoryowners for, they may find it difficult in future to provide for bonuses and such extra payments for regular attendance, efficiency, good quality etc.

I shall be glad to be informed if any steps are being taken for filing an appeal in the case, or for approaching the Government for an amendment of the Act. It appears that the intention of the Legislation could never have been as interpreted by the Magistrate. I would request you to kindly keep me informed about the developments in the matter.

Copy of letter No. 2347 dated the 7th July, 1938.

From the Ahmedabad Millowners' Association to the Chamber.

I have for acknowledgement your letter No. 1300 dated the 30th June, 1938.

I have to inform you that the mill companies are applying to the High Court in revision. Further action, if any, to be taken in the matter can only be decided after the result of the appeal is known.

I shall gladly inform you of any further step we may take in the matter.

RESTITUTION OF MORTGAGED LANDS BILL.

Copy of letter No. B/242 dated the 9th August, 1938.

From the Marwadi Chamber of Commerce, Bombay to the Chamber.

I have already sent to you a copy of the representation addressed by the Board of this Chamber to His Excellency the Viceroy and His Excellency the Governor of the Punjab protesting against the provisions of the Restitution of Mortgaged Lands Bill and urging the imperative need for intervention. A perusal of the representation will show the unjust and discriminatory character of the Bill. It will also show that the enactment of the Bill is bound to have most undesirable consequences upon the interests of the so-called non-agriculturists,

many of whom are small merchants. In the opinion of my Board, it is the duty of the mercantile associations to voice their strongest opposition to the odious legislation and demonstrate their solidarity with the mercantile public of the Punjab.

It is reported that the Bill has already been passed by the Punjab Legislature; but my Board has reason to believe that it has not yet received the assent of the Governor and the Governor-General. My Board hold the view that this is an eminently fit case for the exercise by the Governor-General and the Governor of the Punjab of their right of veto. I have no doubt that the Committee of your Chamber will come to the same conclusion.

I am, therefore, directed to request you to address a suitable representation by wire or post supporting the stand taken by this Chamber. My Board will be thankful if prompt action is taken by your Committee in this connection.

Letter No 01692 dated the 26th August, 1938.

From the Chamber to the Marwadi Chamber of Commerce, Bombay.

With reference to your letter No. B-242 dated the 9th August, 1938, I have to state that the Committee have considered copy of the telegram as also of the representation sent by you to His Excellency the Viceroy regarding the Restitution of Mortgaged Lands Bills. They were, however, of the opinion that the matter being a provincial one relating to the Punjab only, it was hardly appropriate for them to take up the matter. They are, however, drawing the attention of the Federation of Indian Chambers of Commerce and Industry to the provisions of these bills.

AMENDMENT OF THE TRADE DISPUTES ACT 1929.

Copy of memo Nos. 8434-8614-Com. dated the 21st July, 1938

From the Government of Bengal, Department of Commerce & Labour to the Chamber.

Letter No. L-3005, dated the 15th July, 1938.

From the Government of India, Department of Labour.

Copy forwarded to the Secretary, Indian Chamber of Commerce for information.

It is requested that any opinion on the proposed amendment that your Chamber may desire to offer, may be submitted to this Department not later than the 27th September, 1938.

ENCLOSURE TO THE ABOVE MEMO.

Copy of letter No. L-3005 dated the 15th July, 1938.

*From the Government of India, Department of Labour to All
Provincial Governments and Administrations.*

SUBJECT:—Amendment of the Trade Disputes Act, 1929.

I am directed to address the Provincial Government on the question of amendment of the Trade Disputes Act, (VII of 1929), to provide against interruptions of work during such time as disputes are under the cognizance of conciliatory tribunals. In November 1936 a copy of draft Bill to amend the Trade Disputes Act was circulated to provincial Governments and Administrations, the relevant clause (8) of which read as follows:—

“8. For section 16 of the said Act the following section shall be substituted, namely:—

‘16. The Governor General in Council, in respect of industries, businesses and undertakings carried on by him or under his authority or a railway company, and the Local Government, in respect of other businesses, industries or undertakings within their respective Provinces, may, if satisfied that a trade dispute has caused, is causing or is likely to cause serious and prolonged injury or hardship to the community or any section of the community or to employers or workmen generally or to any class of employers or workmen, by notification in the Gazette of India or the local official Gazette as the case may be, declare that for a period of two months from the date of the notification any strike or lockout then in being or thereafter taking place which has or professes to have as one of its objects the furtherance of that trade dispute is an illegal strike or lockout:—

b Provided that no such notification shall be issued unless on or before the date of issue the Governor General in Council or the Local Government, as the case may be, has made an order under section 3 referring the trade dispute in question to a Court of Inquiry or a Board of Conciliation.’”

The support that the clause received in circulation considerably out balanced the opposition; but when it was introduced in the Legislative Assembly in its original form, it was subjected to a volume of criticism which may be summarised as follows:—

(1) It is undesirable to give to the executive the power to create an offence. Section 16 of the Act lays down the conditions under which a strike is illegal, and it is for a court of law to decide whether those conditions have been fulfilled. The new clause demands that similar conditions should be fulfilled, but gives to the executive the power to determine if this is the case, and so to create an offence.

(2) While sections 15 and 16 make illegal strikes without notice in public utility services and strikes whose objects are not industrial, the proposed new clause gives power to declare any strike (except the latter) illegal provided if it satisfies the simple criterion of being 'likely to cause serious and prolonged injury or hardship to the community or to any section of the community or to employers or workmen generally or to any class of employers or workmen.' The provision was criticised on the one side because the power it gave was excessively wide. It was believed that once a strike was declared illegal, any employee absenting himself from work would be penalized. On the other side the power was regarded as unduly limited to strikes in furtherance of a 'trade dispute' as defined in section 2 (j), and hence as not extending to those strikes (not in furtherance of a trade dispute) which section 16 had hitherto made illegal.

(3) The clause was criticized on the ground that it took away the worker's 'right to strike.'

2. The first and second criticisms are not unanswerable. With regard to the first, there are precedents for the creation of an offence by executive order, even an offence for a limited period and it is open to the court which tries the offence to question whether the conditions precedent to the declaration under the new provision were present. With regard to the second, there was considerable misconception as to the effect of declaring a strike illegal. Critics wrongly argued that its effect would be to force workmen to remain at work, even, it might be, without remuneration. The term 'illegal' depends for its force on the penalty section 17 (1), and that section does not render liable to punishment men who remained or went on strike after the strike had been declared illegal. The proviso to sub-section (1) of section 17 still held good, even after making the proposed amendments in the

body of section 17 (1). It is true that the new provision made it impossible to declare illegal strikes which section 16 had hitherto made illegal; but as section 16 has been restored, this criticism no longer applies.

3. The third criticism appears to be unsound. The declaration of a strike is a declaration of war. It represents an appeal to force and a recognition of the fact that the door to negotiation is for the time being closed. If Government steps in and endeavours to conciliate the parties, it is surely not unreasonable that there should be a truce while the question is being investigated. Clause 8 in fact provided not for a complete armistice but for restraining the fomentors of the strike. It is not in the interests of the workers to go or remain on strike when they have secured independent investigation and assistance towards a settlement.

4. When the report of the Select Committee was submitted to the Assembly, the Government withdrew clause 8, but at the same time re-affirmed their adherence to the principle underlying its provisions. The Select Committee had restored section 16, and to combine the new provision with it would have entailed a radical redrafting which, it was felt, should not be undertaken without a further reference to Provincial Governments. The Central Government were also convinced, as has already been explained, that the criticisms to which clause 8 had been subjected were due largely to misconception of the position, and that a further reference would clarify the real issues involved. It was further considered that this would provide a suitable opportunity for recasting the clause to avoid the misconceptions to which the original clause 8 had been subject. The following draft is therefore, proposed:—

Add as a new section 15-A.

(1) From the date of the appointment of a Board of Conciliation or a Court of Enquiry until the publication of its conclusions or for a period of two months, whichever is less, any person who commences, continues, instigates, incites others to take part in or otherwise acts in furtherance of a strike or lockout in pursuance of the trade dispute with reference to which the Board or Court has been appointed, shall be punishable with simple imprisonment which may extend to three months or with fine which may extend to Rs. 200 or with both;

Provided that no person shall be deemed to have committed an offence under this section by reason only of his having ceased work or refused to continue to work or to accept employment.

(2) No Court shall take cognizance of any offence under this section save on complaint made by or under authority from the Government which appointed the Board of Conciliation or Court of Inquiry.

(3) No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence under this section."

5. In the proposed new clause there is no provision for the executive to create an offence or to declare a strike illegal; the period of prohibition will be coterminous with the minimum time required for arbitration; during that period there will be no compulsion on workers to remain at work; and there is no possibility of extending the period by a further two months, since no fresh tribunal can be appointed unless there is a fresh trade dispute.

6. I am to request that after consultation with such organizations and individuals as are likely to be interested in the matter, the Government of India may be favoured with the views of the Provincial Government not later than the 1st November, 1938.

Letter No. 1727 dated the 1st September, 1938

*From the Chamber to the Government of Bengal, Department of
Commerce and Labour.*

RE:—Amendment of the Trade Disputes Act 1929.

I am directed to refer to your Memo. No. 8434-8614-Com. dated the 21st July, 1938 enclosing therewith copy of a letter No. L-3005 dated the 15th July, 1938 from the Government of India on the above subject and requesting the Chamber to forward their views on the same. The Committee appreciate the object underlying the proposed amendment namely that in the event of a trade dispute having arisen and the Government stepping in to endeavour to conciliate the parties, it is undesirable to allow the parties to the dispute to carry on "hostilities." The Committee agree that while the question is being investigated it is reasonable to expect that either party to the dispute will not take any step which may hamper the work of conciliation.

I am, however, directed to invite the attention of the Government to probable cases in which the workers themselves may make it impossible for the employer to keep his factory going obviously, in such cases, the employer should not be held responsible for the stoppage of the work and these cases should be distinguished from lock-outs. The Committee have thought it advisable to draw the Government's attention particularly to the point as they find that in the draft amendment now proposed by the Government of India it is intended to append a proviso to sub-clause 1 in order apparently to meet the workers' "right to strike" should not be taken away although the Government of India themselves admit in their letter that such a criticism was unsound and that "it is not in the interests of the workers to go or remain on strike when they have secured independent investigation and assistance towards a settlement."

I am directed to express the hope that the above views will receive careful consideration

PROPOSAL TO AMEND CLAUSE 12 OF THE LETTERS PATENT OF THE
CALCUTTA HIGH COURT.

Letter No. 01952 dated the 15th September, 1938

*From the Chamber to the Government of Bengal, Legislative
Department.*

I am directed to invite reference to this office letter No. 6116 dated the 19th June, 1937 regarding amendment of Clause 12 of the Letters Patent of the High Court. The Committee regret they have received no reply as yet from the Government in the matter. As pointed out in the letter referred to above, Clause 12 of the Letters Patent confers inter alia upon the High Court powers to entertain in its Ordinary Original Civil Jurisdiction Suits for land or other immovable property if such land or property is situated either wholly or in case the leave of the Court is first obtained, in part, within the local limits of the jurisdiction of such Court. As suits for sale, redemption or foreclosure of mortgage of immovable property are, in the view taken by the Calcutta High Court included in suits for land or other immovable property, the High Court generally granted leave to sue even when a small part of the property in question was situated within the limits of its Ordinary Original Civil Jurisdiction.

Some time back however, the High Court ruled in *Premsook Mohata vs. Mangalchand Maloo* (decided on the 10th February, 1937) that in order that the High Court may exercise jurisdiction the property within its jurisdiction must be of a substantial value. This decision as pointed out in my previous letter has made it very difficult for people to get money on mortgages of properties situated outside Calcutta. The Committee had therefore suggested that either mortgage suits may be considered other than suits for land or a provision may be made conferring upon the High Court the jurisdiction to entertain suits even when a major portion of the mortgaged property lies outside the Ordinary Original Civil Jurisdiction of the Court.

In view of the difficulty caused to both of those who want to take and advance loans the Committee would urge that necessary steps be taken without delay to amend Clause 12 of the Letters Patent as desired.

Copy of letter No. 8259-J. dated the 27th September, 1938.

*From the Government of Bengal, Judicial & Legislative Department
to the Chamber.*

SUBJECT:—Proposal to amend the 12th Clause of the Letters Patent of the Calcutta High Court.

I am directed to acknowledge receipt of your letter No. 01952 dated the 15th September, 1938 on the subject noted above and to say that the matter is under consideration and it will take sometime before the decision is reached.

PROPOSED AMENDMENT OF THE SALE OF GOODS ACT 1930.

Copy of letter No. 9937-46/Com dated the 21st September, 1938.

*From the Government of Bengal, Department of Commerce & Labour
to the Chamber*

SUBJECT:—Proposed amendment of the Indian Sale of Goods Act, 1930.

I am directed to refer to the correspondence ending with your letter No. 612 dated the 2nd April, 1937 on the above subject and to

say that the Government of India have informed the Provincial Government that after carefully considering the various opinions received by them, they have reached the conclusion that no case has been established for undertaking legislation for an amendment of the Indian Sale of Goods Act, 1930, for the purpose of regulating the transactions known as "Jangad" or "Jakad."

PROPOSAL FOR THE REVISION OF THE MERCHANDISE MARKS LAW.

Copy of Memo. No. 9615-25-Com. dated the 22nd July, 1938.

From the Government of Bengal, Department of Commerce and Labour to the Chamber.

Report on certain proposals for the revision of the Merchandise Marks Law and a Bill further to amend the Indian Merchandise Marks Act, 1889, the Sea Customs Act, 1878, and the Indian Penal Code, for a certain propose.

Copy forwarded to the Secretary, Indian Chamber of Commerce for information with the request that the opinion of the Chamber on the provisions of the Bill may be furnished to Government not later than the 20th August, 1938.

Letter No. 1982 dated the 20th September, 1938.

From the Chamber to the Government of Bengal, Department of Commerce and Labour.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite reference to your Memo No. 9615-25-Com. dated the 22nd July, 1938 inviting the views of the Chamber on the Report on certain proposals for the Revision of the Merchandise Marks Law and the Bill further to amend the Indian Merchandise Marks Act, 1889, the Sea Customs Act 1878 and the Indian Penal Code for certain purposes. The Committee of the Chamber are glad to note that the Government of India are taking steps to revise the Indian Merchandise Marks Act. This Act which has been based on the provisions of the corresponding English Law was passed about fifty years ago in 1889. Though industrial and commercial conditions in the world and especially in India have changed considerably during these

years, no substantial modification has been effected in this Act. In 1928 while submitting their views on Mr. K. C. Neogi's Bill to amend the Act, the Committee of this Chamber had strongly supported the proposed amendments. Last year also the Committee welcomed the move when the Government of India circulated their memorandum for amending this Act. The Committee agree with the remarks of Mr. R. K. Nehru, Officer on Special duty that "with intensified competition the temptation to resort to unfair methods has grown stronger and the risk to which a trade is exposed have become more acute. The Committee also fully endorse the views upheld in the memorandum on "marks of origin" issued by the economic Section of the League of Nations, that the Merchandise Marks Law is a generally recognised instrument for the protection of national industry against foreign competition. The Committee have considered the provisions of the draft Bill and have to submit their views on the same as under :—

Clause 2 provides that the word "Trade Mark" has the meaning assigned to that expression in Section 2 (k) of the Indian Trade Marks Act. A new section is also proposed to be substituted under this clause for the existing Section 478 of the Indian Penal Code. The new section includes in respect of trade marks not registered in India, any trade mark in use in India which is either registered under the United Kingdom Trade Marks Act of 1905 as amended or is protected by law in any British possession or foreign state to which the provisions of section 58 of the Indian Trade Marks Act are applicable. The Committee of this Chamber, have, however, while commenting upon this clause 52, pointed out in their letter dated the 7th July, 1938 regarding proposed legislation for the Registration of Trade Marks in India, that there is no reason why a difference should be made with regard to the making of reciprocal arrangements between India and the United Kingdom on the one hand and India and the Indian States, dominions and foreign countries on the other. Moreover, the Committee emphasised that the arrangements with all the outside countries or states should be uniform and strictly on the basis of reciprocity and the power of making such arrangements should be vested in the Government of India and not reserved for His Majesty. The Committee, therefore regret to note that while there are no reciprocal benefits for Indian Trade Marks in the United Kingdom, the proposed new section 478 seeks to maintain the existing benefits for trade marks registered under the United Kingdom Trade Marks Act. They would again emphasise that every country should be treated in this connection on a strictly reciprocal basis.

Clause 3.—The proposed definition of trade mark will deprive unregistered marks of protection as trade marks. It is sought to remedy this position by amending Section 4(1) of the Act by which unregistered marks will be treated as “trade descriptions.” The Committee while appreciating the desirability of maintaining some distinction between registered and unregistered marks in the interests of the scheme of registration, would point out that unregistered trade marks cannot be treated as mere trade descriptions. The letter implies a conception different from that of a trade mark and the Committee are afraid the value of such unregistered marks will be lessened to a considerable extent by treating them merely as trade descriptions.

Clause 6 of the Bill provides that the Central Government may by notification in the Official Gazette require that to goods of any class specified therein which are made or produced beyond the limits of British India and brought into British India whether by land or by sea, there shall be applied an indication of the country or place in which they were made or produced. Such notification, it is provided, shall not, however, be made unless an application is made by persons or Associations substantially interested in the manufacture of the goods. The Committee would, however, point out that the object of this provision which is to prevent foreign goods being passed off as Indian can be secured only if immediate action is taken to check such imports. Before the formalities of an application and a notification are over, large quantities may be imported in the country and the object of this provision is defeated. The Committee had, therefore, suggested last year while commenting upon the Government memorandum on the subject that instead of leaving it to the Governor General, the proposed legislation should prescribe that all goods imported into the country should bear a clear indication of the country of origin and that the Governor General may only be empowered to specify such goods which may not bear such marks. The Committee still hold the same view and would suggest that necessary provision should be made on these lines.

Clause 8.—The Committee agree with the proposal to prohibit the importation of cotton yarn which has not been conspicuously marked with an indication as to the weight of each bundle and the count of yarn in the same. They would, however, suggest that the name of the manufacturer should also be stamped on the bundles.

Clause 9 provides that piecegoods as are ordinarily sold by length or by the piece manufactured in a factory as defined by the

Indian Factories Act, 1881 shall not be removed from those premises without having conspicuously stamped on each piece the length and width in standard yard and without being conspicuously marked at reasonable lengths on each piece with the name of the manufacturer or the wholesale purchaser in India of the piece. Cotton yarns are also required to be marked with an indication on the bundles as to the weight and the count of the yarn in the bundle. The Committee would, however, point out that at present only the length is required to be stamped and it would be difficult in practice if the width is also to be mentioned. Moreover, the name of the manufacturer is also required to be stamped "at reasonable lengths" on each piece. The word "reasonable length" is, however, not defined. Further, not only will the appearance of the piece be spoiled by such stamps, but the folding and stamping charges will be much increased and special automatic stamping machinery involving considerable expenditure will be required to be installed. The Committee are aware that on certain highly finished goods the name of the manufacturer is stamped on the selvedge to prevent substitution of the goods but they hold that to insist upon such a procedure in case of all kinds of piecegoods will involve too large an expenditure to the manufacturer. The Committee would, therefore, suggest that the name of the manufacturer should be required to be stamped only on the face plait and the paper wrapper, if any.

Regarding the stamping of weight and count on bundles of yarn, the Committee would point out that it is not clear if the weight to be stamped on the bundle relates to the nett weight of yarn in the bundle or the gross weight of the bundle.

The Committee would further suggest that there should be a provision about penalty for any attempt to tamper with or deface a stamping required under the provisions of this Act, or the Sea Customs Act. The Committee would also emphasise that arrangements should be made with Indian States, particularly Indian Maritime States to ensure that the requirement about stamping the country of origin is observed in case of goods directly imported by those states. Otherwise there is a possibility of foreign goods being brought into British India through Indian States with a mark falsely showing that the goods were manufactured in that particular State.

The Committee trust the suggestions made above will receive your careful consideration.

EXTENSION OF THE ANTI-PHOOKA ACT TO CERTAIN DISTRICTS.

*Letter No. 01532 dated the 30th July, 1938.**From the Chamber to the Government of Bengal, Home Department.*

I am directed to invite reference to the Bengal Cruelty to Animals (Amendment) Act, 1938, passed by the Bengal Legislative Assembly in May last. The Committee understand that the punitive provisions of the Act do not apply at present to the Districts of Bankura, Burdwan and 24 Parganas. The Committee believe that the object of the Bill will be defeated to a large extent if these district are not brought within the purview of this Act. Moreover, the public in these districts have also demanded an extension of the legislation to these districts and the Committee would, therefore urge that the Government of India should early extend the punitive provisions of the Act to the districts of Burdwan, Bankura and 24 Parganas.

The Committee trust their suggestion would be found acceptable by the Government.

BENGAL BOILER ATTENDANTS' RULES.

*Copy of letter No. 8747-56-Com. dated the 26th July, 1938.**From the Government of Bengal, Department of Commerce and Labour to the Chamber.*

I am directed to forward for the information of your Chamber a copy of this Government Notification No. 8737-Com., dated the 26th July 1938, publishing draft Bengal Boiler Attendants' Rules, under section 29(d) of the Indian Boilers Act, 1923, and to request that any objections or suggestions in respect of the draft rules that your Chamber may have to offer may be furnished to this Department not later than the 1st November, 1938.

*Letter No. 2478 dated the 29th November, 1938.**From the Chamber to the Government of Bengal, Department of Commerce and Labour.*

I am directed to invite reference to your letter No. 8747-56-Com. dated the 26th July 1938 forwarding for views of the Chamber a copy

of the Government Notification No. 8737-Com. dated the 26th July 1938 publishing Draft Bengal Boiler Attendants' Rules. The Committee have considered the draft Rules and have to offer their views on the same as under.

Rule 7 as proposed provides that a boiler shall be deemed to be in use when there is active fire in the furnace, fire-box or fire-place for the purpose of heating the water in the boiler. It further provides that when the fire is removed, extinguished or effectively banked so that no appreciable heat passes from the fire to the water and all steam and water connections are closed, a boiler shall be deemed to be not in use. The Committee would point out that under this rule boilers, for example, in Jute Mills, would always be deemed to be in use, though during the night and at the week ends, boilers steam only to about 20 per cent of their total capacity. Each factory will in that case be required to have at least five men with first class certificates in order to comply with the Rules and the provisions of the Factories Act. The Committee would, therefore, suggest that the rule should be amended so as to keep in view the practice followed by factories of maintaining a certain percentage of steam even when the work has stopped.

The Committee are further of the opinion that the rules about certificates and examinations are very stiff, and the syllabuses for the first as also the second class certificates are very high. They would point out that most of these tindals and sirdars are uneducated persons and if they are tested by such high standards most of them will not be able to pass the tests. All the same due to the practical experience these men can manage the boilers quite satisfactorily and the Committee do not see any reason why they should be displaced. The period of service of 10 years as mentioned in the proposed Rule 10, which will be required for getting a service certificate should also be reduced. The Committee are, therefore, of the opinion that it should not be compulsory for every boiler attendant to possess a certificate of competency when his work relates only to firing the boiler. The boiler Sirdar and Tindal should also be required to possess only a second class certificate as the first class certificate examination is too technical and advanced for them. In many mills, the Committee may point out, a set of connected boilers is always under the direct supervision of a competent Engineer and a certificate of second class would, therefore, suffice for a boiler Sirdar to operate it safely. Even in Rule 42 which lays down subjects for the second class examination, the Committee may point out, that it is too much to expect a boiler attendant

to adjust a high steam and low water safety valve. (42(b) (VI)). This adjustment is generally made by the Engineer and the boiler attendant has merely to take out or refit the parts taking care to keep everything in its original position. The Committee would, therefore, suggest that Rules 42 and 43 should be carefully revised keeping in view the duties performed by an average boiler attendant. They need hardly reiterate that for the Boiler Sirdar or Tyndal the standard laid down in the second class certificate would suffice and for attendants whose work is only to fire the boilers, it will be an unnecessary burden to require them to possess a certificate of competency.

The Committee would also suggest here that in view of the large number of factories having boiler plants in the membership of the Chamber, this Chamber should be granted the right to send their representative on the Board of Examiners proposed to be constituted under the Rules.

The Committee trust the suggestions they have made above will receive your careful consideration.

AMENDMENT TO INDIAN ELECTRICITY ACT. 1910.

Copy of Memo. No. 9832-43-Com. dated the 19th September, 1938.

*From the Government of Bengal, Department of Commerce
and Labour to the Chamber.*

*Letter from the Government of India, Department of Labour,
No. A 803 dated the 22nd August, 1938 and enclosure.*

Copy forwarded to the Secretary, Indian Chamber of Commerce for information with the request that the opinion of the Chamber on the provisions of the draft Bill may be furnished to Government by the 7th November, 1938 the latest.

ENCLOSURE TO THE ABOVE LETTER.

Copy of letter No. A803 dated the 22nd August, 1938

*From the Government of India, Department of Labour to
All Provincial Governments and Chief Commissioners.*

I am directed to enclose a rough draft Bill containing a number of amendments proposed in the Indian Electricity Act (IX of 1910), together with an explanatory memorandum.

2. The main amendments (clauses 1 to 6) relate to the sections dealing with the termination of licenses and the procedure connected with and consequent on such termination. Various difficulties have arisen in connection with this procedure in recent years, and these, with certain tentative proposals for amendment, were discussed by the Central Electricity Board, who were in favour of revision.

3. The occasion has been taken to include certain minor proposals (clauses 7 to 11) for amendment of other sections which have been found to be defective.

4. I am to request that the views of the Provincial Government may kindly be forwarded so as to reach this Department not later than the 1st December, 1938.

Letter No. 2456 dated the 22nd November, 1938.

From the Chamber to the Government of Bengal, Department of Commerce and Labour.

I am directed to invite reference to your letter No. 9832-43-Com. dated the 19th September, 1938, forwarding for the views of the Chamber a rough draft Bill containing a number of amendments which the Government of India have proposed to be made in the Indian Electricity Act, 1910. The Committee note that the main amendments relate to the sections dealing with the termination of the Licences granted to electric undertakings and the procedure connected with and consequent upon such termination. The Committee further note that various difficulties had arisen in connection with this procedure in recent years and these with the tentative proposals for amendments were discussed by the Central Electricity Board who favoured a revision of the Act in this respect. The Committee feel that some of the proposals for amendment as stated by the Government of India are far-reaching in their importance and they have to offer their comments upon the same as under:

Clause 1.—Section 4(1) (d) of the present Act authorises the Government to revoke a license if in their opinion a licensee is incapable of discharging his duties by reason of his insolvency. As the Provincial Government has however to delay the revocation under the present law, even where the licensee is in a serious financial embarrass-

ment, until the court has adjudicated him to be an insolvent, it has been proposed that the Provincial Government may revoke the license if in their opinion "the financial position of the licensee is such that he is" unable to fulfil his obligations. The Committee, however, feel that such a revocation should be made only after a thorough inquiry has been effected in this matter. They would, therefore, suggest that in Section 4(1) of the Act after the words "so requires" and before the words "revoke a license" in the second line the following words should be added—"and after making a thorough inquiry."

Clause 2.—The Committee note that it is proposed to substitute a new Section 5 in the place of the existing Section, to the effect that where the Provincial Government feels that the two conditions in Section 4(1)C—failure to deposit security or to satisfy the Government that the Licensee is in a position to discharge his duties and obligations are not fulfilled they may issue a notice to the licensee and from that date all powers and liabilities of the licensee shall cease. Sub-Section 2 to the new section also seeks to remedy certain defects in the existing procedure. While the Committee are agreeable to the amendment, they would point out that it is essential that the licensee should be given an opportunity to offer his explanations for the grounds on which the revocation is proposed. The Committee would therefore suggest that in Sub-Section 2 of the proposed section 5, after (b) (3), the following proviso should be added—"Provided that no revocation shall take effect unless an opportunity has been given to the licensee to meet and explain the grounds on which the revocation is proposed." The Committee also feel that after the revocation of the license no undue hardship should be experienced by the outgoing licensee and some provision therefore should be made about payment to be made to him within a definite time. In Sub-Section 2(c) of the proposed Sec. 5 the following proviso should therefore be added after the last word "undertaking"—"provided that such payment shall not be unduly delayed and shall be made to the outgoing licensee at least within six months of the date of revocation." The Committee further believe that the goodwill of a running concern is an important factor which should not be overlooked and they would therefore suggest that in the proviso to Sub-Section 2(d) of the proposed Sec. 5 the word "but" after the word "undertaking" should be deleted and a further proviso should be added at the end to the effect that "the abovementioned provision about addition in respect of compulsory purchase or of goodwill or of any profits which may be or might have been made from the undertaking, shall not apply to running concerns."

Clause 4.—Section 7 of the present Act empowers a local authority on the expiration of the period of license not exceeding 50 years and all other subsequent periods not exceeding 20 years to have to option of purchasing the undertaking. Clause 4 of the amendment makes previous sanction of the Provincial Government necessary even before the local authority's option arises. The Committee feel that such a previous sanction is not necessary. In certain cases the local authority may be in a better position to judge the affairs and if a condition to obtain the previous sanction of the Provincial Government is imposed it will not only delay the matter but may also prove prejudicial to the interests of the public. The Committee therefore feel that no amendment is necessary in Sub-Section 1 of Section 7 of the Act.

Clause 6.—The Committee note that several Provincial Governments had urged the necessity of a provision both to secure interim management of an undertaking pending final revocation and for power to secure continuity of supply for short periods where it was endangered but where either no grounds for revocation existed or it was considered undesirable to have recourse to such a drastic action. The new section 8(a) which is sought to be added after the existing section 8 proposes to empower a Provincial Government to order a licensee to take or abstain from taking any action specified in the order. It also provides that the Provincial Government may take over the working of the Electric undertaking in order to secure the continuance of the supply of energy to the public. While the Committee appreciate the necessity of such a provision, they would point out that proper care should be taken to maintain the management and the accounts of the concern in the interim period. A provision in this respect should be made in this section.

The Committee further believe that certain amendments are also necessary in Section 3 of the Act. Firstly, they would point out that there should be a provision for the refund of fees to the applicant in case the license is not granted. There should, therefore, be a proviso at the end of Section 3 to the effect that "provided that in case a license is not granted the fee if paid shall be refunded to the applicant." Moreover, it is also essential that the applicant should be given an opportunity to meet the objections received against the license being granted to him. A second proviso should, therefore, be added to Sub-Section 2 (a) (ii) of Section 3 to the effect that "provided further that no action shall be taken upon an objection by the Provincial Government unless the applicant is given an opportunity to meet and explain the same."

The Committee trust the suggestions they have made above will receive the careful consideration of the Government. They regret the delay in replying.

DRAFT GAS CYLINDER RULES, 1938.

*Copy of Memo. Nos. 10976-11023-Com. dated the 7th
November, 1938.*

*From the Government of Bengal, Department of Commerce and
Labour to the Chamber.*

*Notification No. M. 1272(2) dated the 28th September, 1938,
of the Government of India, Department of Labour.*

Copy forwarded to the Secretary, Indian Chamber of Commerce for information.

Nos. 11032-79-Com.

*Notification No. M-1272(1) dated the 28th September, 1938,
of the Government of India, Department of Labour.*

Copy forwarded to the Secretary, Indian Chamber of Commerce for information.

Letter No. 2496 dated the 3rd December, 1938.

*From the Chamber to the Government of India, Department
of Labour.*

I am directed to invite reference to your Notification No. M. 1272(2) dated the 28th September, 1938, regarding Gas Cylinders Rules 1938. The Committee have considered the Draft Rules proposed by the Government of India under Section 5 and 7 of the Indian Explosive Act 1884. The Committee would suggest that in Rule 13(2) the following should be added in the warning:—

“This Cylinder despite its weight should be handled as a frugile article.”

Regarding Schedule III the Committee would suggest that Cylinders of all inflammable gases should be painted with red ground

colour and the word 'inflammable' should be painted lengthwise on Cylinders in block letters. If this is however, not practicable all Cylinders of inflammable gas should be painted with red colour. The Committee trust the suggestion they have made above will receive your careful consideration.

Letter No. 02569 dated the 10th December, 1938.

From the Chamber to the Government of India, Department of Commerce.

In continuation of my letter dated the 3rd December, 1938, regarding Draft Gas Cylinders Rules, I am directed to submit the following further suggestions.

The Schedule attached to the Rules divides Cylinders into two divisions as under :—

- (a) Cylinders manufactured after the 1st September, 1931, which have to comply in full with the British Standard Specification 401|1931.
- (b) Cylinders manufactured before this date in which case the provisions of the specification dealing with the composition of the steel are slightly relaxed.

The Committee would, however, point out that it will be very difficult to find out the date of manufacture and the name of manufacturer and hence to know whether the cylinder conforms to British Standard Specification 401|1931. Moreover, many gas concerns are filling in cylinders supplied by their customers and these cylinders have no mark of manufacture. The Committee would also draw your attention to the fact that a large number of cylinders were released by the Army Authorities at the end of the war and these cylinders which were placed in the Indian market have no mark of manufacture upon them. The Committee are, therefore, doubtful if it is possible to ascertain the name of the manufacturer or the date of manufacture or the particulars of the specification of the cylinders. As far as the Committee are aware, accidents caused by the bursting of cylinders containing CO₂ gas are not very frequent in India and when they do occur they are not due to the quality of the cylinder used but mostly on account of improper filling and handling. Moreover, if cylinders are not strong enough to pass the hydraulic stretch test prescribed in the rules,

they will be detected and removed. The Committee are, therefore, of the opinion that this requirement about the specification should not be applied to cylinders already in use in the country particularly because it will prove a great hardship on the owners of cylinders who are mostly small mineral water manufacturers in towns and the mofussil

The Committee would further like to point out that the Dry Ice and Refrigerator Industry has been newly started in India and these factories supply dry ice from which gas is manufactured by sublimation or melting. There is hardly any demand at present for dry ice for Refrigerator purposes and transport facilities and dry ice is, therefore manufactured for turning into gas. The Committee believe that this nascent industry will be hard hit by such requirements.

The schedule mentioned above also requires valves to comply with the British Standard Specification 341/1931. Valves are also to be provided with a softened copper disbursting between 2,600 and 2,850 lbs. per square inch. The Committee would, however, point out that very few valves in India are so fitted. Moreover, the conversion on the lines suggested may weaken the valve in addition to the technical difficulties. The Committee would therefore, suggest that this requirement should be applied only to new valves hereinafter fitted, or alternatively some other type of bursting device such as are common in other countries and which can be fitted to the existing valves with the same extent of safety should be adopted. Such an alternative device should be temper-proof and adequate time should be allowed for its adoption.

The Committee would also refer to Rule 9 of the Draft Rules which requires cylinders to be completely dried before filling. The Committee would point out that it will not be possible to observe completely this requirement for CO₂ gas for example though well dried before filling into cylinders does deposit some amount of moisture and it is very difficult to prove the cause of such moisture when once found inside the cylinder. CO₂ Gas cylinders are constructed to allow adequate drainage and the Committee consider that this is all that is necessary in this connection. The Committee believe drying of cylinder would require it to be removed every time it is refilled and this will require not only extra labour but valves will also deteriorate if handled very frequently by labour of the type generally available for these factories.

The Committee trust the suggestions they have made above will receive your careful consideration.

AMENDMENT TO INDIAN COAL MINES REGULATIONS, 1926.

Copy of Memo. No. 9978-92-Com dated the 21st September, 1938.

*From the Government of Bengal, Department of Commerce
and Labour to the Chamber.*

*Notification No.M-955, dated the 11th August, 1938 of the
Government of India, Department of Labour.*

Copy forwarded to the Secretary, Indian Chamber of Commerce for information.

Letter No. 2319 dated the 7th November, 1938.

*From the Chamber to the Government of Bengal, Department
of Commerce and Labour.*

I am directed to invite reference to your Memo No. 9978-92-Com. dated the 21st September, 1938, forwarding a copy of the Government of India Notification dated the 11th August, 1938, regarding draft amendments to the Indian Coal Mines Regulations, 1926. The Committee have considered the amendments proposed by the Government and have to submit their views as under:—

Regulation No. 77 (2).—This regulation provides that save with the previous permission in writing of an Inspector, no gallery in a seam shall exceed 10 feet in height or 16 feet in width. While the Committee appreciate this limitation, they believe that there may be instances where the varying conditions in the collieries may make it impracticable. The Committee would suggest that there should be a right of appeal against an order passed by the Inspector.

Regulation No. 77 (4).—This regulation prescribes the distance between the centres of any two adjacent pillars left in a seam. The Committee feel that the figures in the table should be such as are divisible by five. They would, therefore, suggest the following table.

Not exceeding 200 feet	30	40	50	55	65
Exceeding 200 but not exceeding 300 feet	35	45	55	60	70
Exceeding 300 but not exceeding 500 feet	40	50	60	70	80
Exceeding 500 but not exceeding 800 feet	60	70	85	100	115
Exceeding 800 feet	75	95	115	130.	150

Regulation 78 (3).—This regulation provides that during the systematic extraction of pillars no splitting or reduction of pillars or heightening of galleries shall be effected for a greater distance than the length of two pillars ahead and the pillar that is being extracted or from the point at which pillar extraction is about to begin. The Committee of the Chamber, however, believe that this provision is not practicable and they would suggest that the words “two pillars” should be deleted and the words “300 feet” should be substituted.

Regulation 80 (a).—The Committee would suggest that this regulation should be so worked as to restrict its application to that area of the Mine only to which the non-compliance refers to.

The Committee trust the suggestions mentioned above will receive your careful attention.

PAYMENT OF WAGES ACT AND DEDUCTION FROM WAGES.

Copy of letter No. L/6/2085 dated the 21st October, 1938.

From the Indian Sugar Mills Association to the Chamber.

I am directed to invite your attention to section 9(2) of the Payment of Wages Act 1936 which lays down that the amount of deduction (from wages) shall in no case bear to the wages payable to the employed person in respect of the wage-period for which deduction is made a larger proportion than the period for which he was absent bears to the total period, within such wage period during which by the terms of his employment, he was required to work. The Committee have to point out that this provision forbids factories from making any deduction on account of holidays even if a labourer absents himself from work on days immediately preceding or succeeding such holidays. As a result of this provision, the workers are encouraged to absent themselves on days before or after holidays with a view to enjoy a longer vacation. Such unauthorised absence not only interferes with the work of the factory but also makes for indiscipline amongst the workers. According to this rule workers will be entitled to wages for holidays even if they are absent from the factory for the major part of the month. The Committee request that this matter may be taken up with the Government of India with a view to have necessary amendments made in the Payment of Wages Act 1936.

Letter No. 2261 dated the 29th October, 1938.

From the Chamber to the Indian Sugar Mills Association.

With reference to your letter No. L/6/2085 dated the 21st October, 1938, regarding Section 9 of the Payment of Wages Act, I write to say that the Committee of the Chamber are of opinion that if a worker employed on a monthly wage basis absents himself from work on days both preceding and following a holiday or holidays, the holiday or holidays as the case may be, may be counted along with the number of working days on which he has been thus absent, as "the period of absence" and wages may be deducted for all the days accordingly. If, however, the worker absents himself only either on the day or days preceding a holiday or day or days following, the wages for such holiday or holidays as the case may be, cannot be deducted along with the wages for the working day or days on which the worker has been absent. The Committee, however, suggest that if necessary, legal opinion may be taken on the interpretation of Section 9 of the Payment of Wages Act.

MARINE

REFUNDS FOR SHORT SHIPMENTS.

Letter No. 75 dated the 13th January, 1938.

From the Chamber to the Commissioners for the Port of Calcutta.

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by Shippers in getting refunds for short shipments. The Committee understand that till now shippers while applying for refund for short shipments had to supply to the Port Authorities only the date on which the relands were filed with the Customs Office for such short shipments. It appears that the Port Authorities now insist on having the correct date of relands published in the Customs House Daily List of Exports before granting the refund. As the Customs Office does not publish the relands in the List of Exports on the same day on which they are filed but takes about four to five days or sometimes even more to publish the same, exporters will have to watch for the publication of the relands for a number of days and will thus be put to unnecessary trouble.

The Committee are, therefore, of opinion that the old practice of the Port Authorities verifying the dates from the Customs list should be continued and no extra requirement should be imposed on the Shippers. Such a procedure would cause unnecessary harassment to a large number of exporters and the Committee trust that in order to avoid this you will kindly see your way to discontinue the innovation at an early date, and allow refunds for short shipments as previously.

The Committee request you to give a careful and early consideration to this matter.

Copy of letter No. 3854 dated the 14th January, 1938.

From the Commissioners for the Port of Calcutta, to the Chamber.

With reference to your letter No. 00075 dated the 13th January, 1938, I beg to inform you that no change has recently been made in the procedure and that this procedure has been in force since 1930. No complaint has been received until recently, and it is therefore difficult to believe that a practice which has been in force for over seven years can be causing much inconvenience to shippers.

I beg to suggest that the party who complained to your Committee should be asked to call at the Port Commissioners' office and discuss the matter with the Chief Accountant.

Copy of letter No. 731 S. C. dated the 28th April, 1938.

From the Commissioners for the Port of Calcutta to the Chamber.

With reference to correspondence ending with my letter No. 377 S. C. of the 14th instant and to the interview of your Assistant Secretary with the Dy. Chief Accountant on the 20th instant, I beg to inform you that I have, as promised, further investigated the question of shippers stating the reland date as shown in the Customs Daily Lists to enable them to obtain refunds from the Commissioners in the case of short shipments.

The three points which I promised to have examined were—

(a) How do the smaller shippers obtain the reland date?

- (b) Do the Commissioners insist on the correct reland date being stated in all instances before refunds are granted?
- (c) Could any procedure be arranged with the Customs Authorities to enable the process of granting refunds being simplified?

In the case of the first item it has been ascertained that the smaller shippers obtain the date of publication of relands from the Statistics Department of the Custom House. As regards the second point, in a few cases shippers state incorrect dates and where they do so the refund applications are returned to them for correction before any refund is granted. As regards the third point, I am doubtful if the Customs Authorities could or would be able to simplify their system but if you have any suggestions to make I think the best course will be for you to address the Collector of Customs direct on the subject.

As pointed to your Assistant Secretary when he discussed this matter with me, if the Commissioners were to agree to shippers stating in their applications for refund the date on which they filed their notices in the Custom House regarding relands it is certain that there will be a considerable delay in the passing of refunds as a great deal of additional tracing work would have to be undertaken by this office and that this delay would be objected to by a great majority of your members.

In the case of small shippers, to enable them to get the correct date of publication of relands, they must go to the Statistics Department of the Custom House as they cannot afford to pay the annual subscription for the publication to be sent to them daily. To enable this type of shipper to easily obtain this date of publication, I am prepared to maintain a copy of the relands, as published in the Customs Daily List, in the Collection office for public reference. It appears to me that this is the most suitable solution of the problem and I shall be glad if you will let me know that you agree to this proposal and I will then arrange for copies of publications being maintained in the Collection Office.

Letter No. 2129 dated the 13th October, 1938.

From the Chamber to the Commissioners for the Port of Calcutta.

RE:—Refund for short shipment.

I am directed to refer to your letter No. 731 S. C. of the 28th April, 1938, on the above subject. The Committee have made further

investigations in the matter and have ascertained the views of members.

Though, as mentioned by the Chairman of the Port Commissioners in his letter No. 3854 dated the 14th January, 1938, the present procedure of applying for refund has been in force since 1930, the Committee understand that the filling in of the exact date of short shipment as published in the Customs daily list has not been insisted upon. It is not only in a few cases only that shippers state incorrect dates of reland, for, the Committee are given to understand that leaving aside certain large shippers, a majority of others are not stating in their applications the date of reland as published in the Customs daily list which itself proves the difficulty which would be experienced if the Port Commissioners insist on the filling up of the correct date. Moreover, the Committee would like to point out that when all relevant particulars are given under the different columns in the application for refund, it is not in their opinion very essential for the Port Commissioners to insist on the same. If the shippers state in their applications the date on which they filled their notice in the Custom House regarding reland, it should, in the opinion of the Committee, be not a very difficult task for the Port Authorities to ascertain the correct date for their satisfaction from the Customs Daily List. While the Committee appreciate your offer to maintain a copy of the reland as published in the Customs Daily List, in the collection office for public reference, they would like to point out that the difficulty in the case of the small shippers will continue inasmuch as it would be obviously difficult for them to arrange for the verification of the dates from the list.

The Committee, therefore, trust that the Port Authorities will not insist on the filling up in the application form for refund of short shipment of the exact date of reland as published in the Customs daily list, which, as stated above, can be easily verified by them.

Copy of letter No. 8251 S. C. dated the 20th October, 1938.

*From the Commissioner for the Port of Calcutta to the Chamber.
Refunds for Short Shipments.*

I beg to refer to your letter No. 02129 and again wish to state that the date of short shipment as published in the Customs Daily List is insisted upon by this office. This information is considered

essential for the rapid tracing of short shipments and the procedure has not been objected to previously. It is not understood why your Committee consider that it will be difficult for small shippers to arrange for the verification of the dates from the list which I suggested would be posted in the Collection Office for the convenience of such shippers.

I have considered this matter again and regret that I am unable to agree to the request of your Committee which if done would result in a great deal of work in my office and a delay in passing refunds, a contingency which would not be welcomed by shippers.

REPORT OF THE PILOTAGE DUES COMMITTEE.

Copy of letter No. 182-M.II/37 dated the 27th January, 1938.

*From the Government of India, Department of Commerce
to the Chamber.*

SUBJECT:—Report of the Pilotage Dues Committee, Calcutta.

I am directed to invite a reference to the correspondence ending with your letter No. MN. 99/32 dated the 30th May, 1932, on the above subject, and to say that after careful consideration of the views expressed by the various Chambers of Commerce in Calcutta on the Report of the Pilotage Dues Committee (copy enclosed), the Government of India provisionally came to the conclusion that the rate of pilotage fees as set out in Appendix "A" of the Report should be adopted.

2. The introduction of the proposed new scale was however deferred, owing to adverse conditions which had resulted in the accumulation of a large deficit in the working of the Bengal Pilot Service with the consequent addition of surcharges to the existing scale. The deficit has now been entirely wiped out and there has been considerable improvement in receipts. It is accordingly considered that the present is a suitable time for the introduction of the proposed new scale.

3. It is estimated that the proposed new scale will yield about 8½% less than the existing scale *plus* the two surcharges now levied thereon, and will afford corresponding relief to shipping.

4. The scale at present in operation is based only on draft whereas the proposed new scale takes into account tonnage as well as draft.

5. As it is now some years since the new scheme was last considered, the Government of India think it desirable that before making the contemplated change in the basis on which pilotage dues are levied, further opportunity should be given to the interests principally concerned to express an opinion.

6. I am accordingly to invite the views of your Chamber on the proposal and to request that they may kindly be communicated to this Department by the end of the next month at the latest.

Letter No. 00344 dated the 19th February, 1938.

From the Chamber to the Government of India. Dept. of Commerce.

SUBJECT:—Report of the Pilotage Dues Committee, Calcutta.

With reference to your letter No. 182-M. II/37 of the 27th January, 1938, on the above subject. I have to state below the views of the Committee of the Indian Chamber:—

The Committee have already conveyed in their letter Mn. 99/32 of the 30th May 1932 their considered views on the Report of the pilotage Dues Committee and they would like to reiterate their adherence to the opinion expressed at the time. While there is no objection in principle to a system of pilotage Dues based on both draft and tonnage, the scale provided in Appendix "A" is not satisfactory. In the first place, the tonnage increase is Rs. 20/- per every 500 gross tons which is rather a high rate. In the Rangoon pilotage scale, for example, it works out to Rs. 10/- per 500 gross tons. Moreover, what is more important the draft curve suggested in this Appendix is too steeply graded. For instance, between 21'-1" and 22' the increase amounts to Rs. 60/- per draft foot, between 22'-1" and 23' it amounts to Rs. 65/- per draft foot, between 23'-1" and 24' it amounts to Rs. 85/- per draft foot. This is an abnormally high curve and the Committee hold that a much more gradual scale on the draft basis is necessary. Besides, vessels entering or leaving on light draft or in ballast would be adversely affected by the scale proposed in Appendix "A".

The Committee realise that no scale of charges can be entirely free from objection or can give complete satisfaction to every interest

but they maintain that certain broad principles should be kept in view in the levy of pilotage dues. For instance, incidence of pilotage dues must be reduced as it bears heavily on shipping and ultimately, on the trade passing through the port of Calcutta. It is stated in paragraph 3 of your letter under reply that the proposed new scale will yield about $8\frac{1}{4}$ per cent less than the existing scale *plus* the two surcharges now levied there on and will afford corresponding relief to shipping. The Committee are constrained to observe that this is a fallacious contention, because the surcharges were necessarily temporary in their nature and should not be included in estimating the real incidence of pilotage dues. The two surcharges imposed on the pilotage dues in Calcutta, one of 15 per cent in 1938, and the other of 10 per cent in 1932, amount to $26\frac{1}{2}$ per cent in all and shipping interests were looking forward to a removal of both these surcharges and a reduction in the real incidence of pilotage dues in Calcutta. On a consideration of the accounts for the year 1936-37, it is clear that the effect of the substitution of the new rates would be more or less the same as the abolition of the 10 per cent surcharge, so that the new scale will result in lumping together the 15 per cent surcharge and the old due in a consolidated rate. In other words, one of the surcharges imposed for emergency purposes will be stabilised and shipping in Calcutta will pay on an average 15 per cent additional pilotage dues as compared to what it was paying before 1928. The Committee cannot agree that the new scale will, therefore, afford any genuine relief to shipping.

The Committee are glad to learn that the Government propose to abolish the 10 per cent surcharge immediately but have to point out that the substitution of the new scale will mean a slight addition to the pilotage dues payable by shipping as the new scale would amount to a little more than the existing scale *plus* 15 per cent. The Committee, however, understand that the only alternative to acceptance of the proposed new scale is a continuance of the existing scale *plus* the two surcharges which, in their opinion, is hardly fair. For the Committee are of opinion that the new scale should have been judged independently and compared with the existing one without any consideration of the surcharges.

The Committee are of opinion, as already mentioned in their previous letter, that a steamer arriving on slight draft would have to pay more under the new scale than at present which is inequitable from the point of view of navigation as well as the earning capacity of the steamer. Some concession should also be made for steamers

entering or clearing out in ballast as is customary in many ports and is also the case in respect of port dues at the port of Calcutta, which are lower by one anna for ships in ballast.

The Committee are also of opinion that steamers on a draft upto 15 feet to 16 feet should, if possible, be exempted from pilotage and arrangements might also be made to give pilot certificates to Masters of vessels piloting their own ships with drafts not exceeding, say 20 feet.

The Committee trust that their views stated above will receive the careful consideration of the Government.

CONTROL OF COASTAL TRAFFIC OF INDIA BILL

Copy of letter No. 940-48 Mne. dated the 30th May, 1938.

From the Government of Bengal Department of Commerce and Labour to the Chamber.

SUBJECT:—Control of Coastal Traffic of India Bill, as reported by the Select Committee.

I am directed to forward herewith an extract from the Government of India, Legislative Assembly Department letter No. F. IL3-111/35-A dated the 6th May, 1938, together with enclosures, on the above subject, and to request that you may be so good as to favour Government with an expression of the views of the Chamber not later than the 20th of June, next.

Letter No. 1243 dated the 25th June, 1938.

From the Chamber to the Government of Bengal, Department of Commerce & Labour (Marine),

SUBJECT:—Bill to Control the Coastal Traffic of India.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge your letter No. 940-48 Mne dated the 30th May, 1938, on the subject of the Bill to Control the Coastal Traffic of India as reported by the Select Committee of the

Legislative Assembly and as desired, I beg to state below their views on the Subject:—

While the Committee recognise that the Bill as amended and modified by the Select Committee is, in several respects, an improvement upon the original Bill, they share the opinion expressed by several members of the Select Committee that even in its present form it is not such as to achieve the object of the measure, namely, the development of an Indian mercantile marine. The Committee whole-heartedly support the view expressed by Mr. Akhil Chandra Dutt and Sardar Sant Singh in their minute of dissent that "nothing short of the reservation of the coastal traffic will solve the problem". The Committee have in the past drawn the attention of the Government to the vital need of the development of an Indian mercantile marine and do not, therefore, consider it necessary to reiterate all the arguments herein. They would, however, point out that the Government of India have stated on more than one occasion that they are committed to a policy of adequate participation of Indian shipping both in the coastal and overseas trade of India and that it would be their responsibility to secure this development. The Committee, therefore, support the view of Messrs. Bhulabhai Desai, Asaf Ali and Dr. Deshmukh that "it (shipping) is a matter of great national importance and the Government should take the initiative in bringing forward a measure which should encourage and protect Indian enterprise".

In view of the opinion expressed above, the Committee do not consider it necessary to examine the various provisions of the Bill at length. They cannot, however, subscribe to the statement embodied in the objects and reasons of the Bill that "there should be no discrimination between British and Indian shipping." The Committee have to point out that the coasting trade of a country is universally regarded as a domestic sphere of trade in which non-national flags cannot engage as a matter of right but to which they may be admitted as an act of grace. It was in accordance with this principle that the Indian Mercantile Marine Committee, appointed by the Government of India in 1923-24 and presided over by Capt. (now Sir) Edward Headlam, late Director of the Royal Indian Marine, recommended "the eventual reservation of the Indian coasting trade for ships, the ownership and controlling interests in which are predominantly Indian". This principle of reservation of the coastal trade to national vessels has received international recognition as in the Convention on the International Regime of Maritime ports of 1923,

while the investigation of the League of Nations also showed that nearly 27 out of 32 maritime countries of the world have reserved their coastal trade to their own national bottoms. Moreover, Imperial maritime law and practice have acknowledged the right and power of the different units of the British Commonwealth to deal with their own shipping and coastal trade as affirmed by the Agreement to British Commonwealth Merchant Shipping Legislation as well as by the Statute of Westminster. Indian public opinion has, therefore, all along demanded the right of India to regulate its coastal trade and build up its national shipping. While the Committee are aware of the stringent safeguards in the new Constitution which preclude any distinction or differentiation between Indian and non-Indian shipping, they would like to emphasise that the Indian commercial community and the Indian public cannot accept these restrictions imposed on the constitutional powers of the Indian Legislature and would insist that Indian shipping, like every other national industry, should exist on its own inherent right and should develop and expand without constitutional fetters and inequitable restrictions. When important questions relating to Empire maritime policy are under the consideration of the authorities in the United Kingdom, it is all the more essential for the Government of this country to impress upon His Majesty's Government the imperative necessity of according to India the status and powers of a Commonwealth maritime unit when it has had to carry out the responsibilities and bear the burdens of this policy. The Committee have further to emphasise the importance of an Indian mercantile marine from a defensive no less than from an economic view-point. What has been recently described as "the navy of supply" constitutes a second line of national defence which is required as much owing to the length of India's coastline as owing to the external trade of the country.

While the Committee recognise the need of registration of ships as provided for in the Bill, they are of opinion that mere registration without providing for the economic expansion of Indian tonnage cannot fulfil the object of the Bill.

The Committee welcome the inclusion of Burma and Ceylon in the definition of "coastal traffic" since the expression "coastal trade" has, in fact, come to mean trade on the coasts of India, Burma and Ceylon which is an integral whole and must be treated as an entity. Whatever the technical objections involved in such a definition, its inclusion shows that the Select Committee have realised, in this respect, the existing conditions of coastal trade and have sought to provide for them.

As regards the clause for fixing minimum rates of fare and freight for the carriage of passengers and goods, the Committee have to point out that the expression "unfair competitive methods" is not adequately defined in the Bill. Apart, however, from the difficulties in doing so and in devising satisfactory machinery to fix minimum rates and freight, the Committee have to suggest that if the measure is to be at all operative, it should provide for the establishment of a Shipping Board on which shipping and commercial interests should be represented in order to receive and sift complaints of unfair competition to determine questions relating to rates of fare and freight as proposed in Clause 5.

The Committee trust that the views set forth above will receive due consideration of the Government.

RIVER PROBLEMS IN BENGAL

Copy of letter No 1556/1 dated the 27th April, 1938.

From Government of Bengal, Department of Communications and Works, (Irrigation Branch) to the Chamber.

I am directed to forward herewith a copy of a note on River problems in Bengal by Mr. S. C. Majumdar, Chief Engineer, Irrigation Branch, together with a questionnaire, and to request that you will be so good as to let me have your replies to the questionnaire by the 25th May, 1938, so that they may be collated for discussion at a conference which is proposed to be convened in connection with the question of developing the Irrigation policy of Government.

Letter No. 1070 dated the 30th May, 1938

From the Chamber to the Government of Bengal Communications & Works, Department, (Irrigation Branch),.

I am directed to invite reference to your letter No. 1556/1 dated the 27th April, 1938, forwarding for views of this Chamber a copy of the note on River problems in Bengal by Mr. S. C. Majumdar, Chief Engineer, Irrigation Branch, together with a questionnaire on the subject. The Committee have carefully considered the Note and Questionnaire on the River problems in Bengal and state their views below. The Committee do not propose to deal with all the questions serialim but would offer certain general observations which would

embody their views in regard to the various questions raised in the Questionnaire and covered by the Note of Mr. S. C. Majumdar.

The Committee agree with the view mentioned in Question 1 that the rivers are essential factors in the rural development of Bengal. There are nearly 15,000 miles of inland waterways in Bengal, which not only irrigate the lands through which they flow but serve as means of transport and system of drainage. The Province is peculiarly suited for the development of these waterways and their maintenance is as important to the Province as the maintenance of railways and roads. The importance of these waterways so far as agricultural production is concerned cannot be exaggerated. It has been estimated by an economic authority that between 1900 and 1935, the total cropped area in Burdwan and in Jessore, for example, declined from 11,00,000 and 12,00,000 acres to 7,00,000 and 8,00,000 acres respectively. In Eastern Bengal, the two main river systems have led to the erosion and destruction of several villages and small towns situated on the banks of the rivers and have adversely affected the rural economy of the Province. Although the rainfall in Bengal is heavy it has an uneven distribution over the Province and a system of irrigation, is therefore essential to assist agriculture. In fact it has been estimated by an engineering expert that a progressive irrigation policy could, on a conservative estimate, increase the crop value of the Province by nearly Rs. 45 crores and bring in a revenue of Rs. 2 crores per year. The Committee share the general feeling prevalent in the Province that the waterways are not maintained in as efficient a state as their importance demands and that their neglect along with certain mistakes in policy have led to deterioration in the productivity of the soil and in public health, particularly in Western and Central Bengal. The Irrigation Department Committee of 1930, were also of this view. They stated that the maintenance work "has been seriously hampered both by shortage of staff and by financial stringency" and "cases arose when dredging was urgently required but where it was impossible to commission the expensive dredgers maintained by the Irrigation Department owing to the lack of budget provision to man and work the vessels".

The Committee understand that the faulty distribution of water especially in Western and Southern Bengal has been due to the construction of embankments and it has been calculated that the total mileage of embankment is above 8000 in the Province. These embankments have obstructed the flow of the rivers, checked them up in several cases and upset the entire regime of waterways. This

policy which has been responsible for increasing the flood menace and adversely affecting public health as well as agricultural production, is also being pursued in some of the districts of Eastern Bengal and causing similar difficulties and problems there. The Committee would recall in this connection that the Hon'ble Maharaja of Cossimbazar, Minister of Communication and Public Works, observed in the Bengal Legislative Assembly during the discussion on the grant for his Department in March last that the Government's policy as regards embankments was to abandon the existing ones gradually as far as it was consistent with public safety. He added that these embankments were the curse of Central Bengal and that experts were of opinion that they constituted one of the main reasons for the decadence of this area. It is mentioned in the annual Irrigation Department Report for 1935-36 that this policy was being steadily pursued. The Committee generally agree with these views and trust that the Government will speedily take action to deal with this impediment to the proper and adequate distribution of water. The Committee further suggest that the possibilities of generating hydro-electric power particularly in North Bengal should be investigated.

The Committee are of opinion that waterways in Bengal offer immense possibilities for the development of inland navigation at a relatively small cost. Water transport, it is well known, is cheap and in a deltaic province like Bengal very essential. It is regrettable, however, that the waterways which have peculiar advantages as a form of transport have been neglected despite the favourable conditions for their improvement and extension owing to reasons on which it is unnecessary to dwell here. The interests of inland navigation have not been sufficiently safeguarded as compared with those of other means of transport. The Irrigation Department Committee stated, for instance, that "as regards the revival or maintenance of minor routes giving access between the interior of the country and the main rivers, practically nothing has been done with the result that in some parts of the Province at least channels have been silted up, navigation has been limited to a few months in the year and crops can only be marked when the 'Khals' rise high enough in the monsoon to make transport possible". It is nearly eight years since the Irrigation Committee was appointed and its central recommendation for the constitution of a Waterways Board still awaits Government action. Unless the waterways of Bengal are to suffer continuous deterioration they should be co-ordinated and controlled by an authority which should have the powers as well as the financial and technical resources to carry out excavation, canali-

sation, dredging, drainage and other works which are essential for maintaining and improving their efficiency. There is no doubt that if these waterways were improved and extended, merchants, producers and manufacturers would utilise them to a larger extent than they have been able to do hitherto. The Report of the Irrigation Department for 1935-36 shows that the total tonnage of boats plying on canals in Bengal was 10,98,653 and the total tonnage of cargo carried amounted to Rs. 10,69,46,669. It is certain that improved waterways can prove much more useful for the economic development of the Province. The cargoes on waterways in France, Germany, Belgium and several other countries consist mainly of coal, agricultural produce and raw material, that is, those commodities the bulk of which is high in proportion to their value. Although these commodities constitute a large part of the trade of Bengal and exports from Calcutta, their carriage by waterways is not actively encouraged. For instance in 1935-36, 1,39,945 tons of rice, 5,982 tons of coal and 86,700 tons of jute were carried on canals, in Bengal, Calcutta itself being an important port, inland navigation has a special value. The Calcutta Port Commissioners earned a revenue of Rs. 7,29,876-7-3 from the inland vessels wharves in 1936-37. The vital necessity of navigable route between Calcutta and the rest of Bengal cannot be exaggerated. In many ports of the West, special measures have been taken to facilitate transshipment of cargo from smaller crafts into ocean-going steamers or for discharging from steamers into crafts which navigate rivers and canals and can thus link up the entire country by these waterways. The Committee have to point out that even in the highly industrialised countries of the West, considerable importance is attached to the development of inland navigation. Waterways are looked upon as supplementing railway transport not only as feeders but as an alternative form of communication. They are particularly useful for the carriage of cheap and bulky goods like agricultural produce and raw materials which do not demand rapid transit and are unable to bear the cost of railway transport. It is now generally recognised that without waterways the development of a country's transport and trade is not complete. It has been the opinion of many observers that Germany owed her industrial success before the war largely to the measures adopted to improve the navigation of rivers which have provided facilities for cheap transport of goods and have been instrumental in having new industries established in different localities. The attitude of some of these

Governments is admirably summed up in the following paragraph from the Report of the Royal Commission on the Canals and Inland Navigation of the United Kingdom:—

“The annual cost of maintaining the waterways is almost met by the receipts from the dues, but the State expects no return or profit upon the money spent upon construction and large improvements. It is considered in Belgium, as in France, that these works will increase the commerce and wealth of the nation and that the increase of commerce and wealth will strengthen the national public revenue.”

These Governments have spent millions pounds on the improvement of natural waterways and the construction of artificial ones. The outlay has in most instances been incurred without expectation of any direct financial return. In the United States also great economic value is placed on navigable waterways. When Mr. Hoover was the President of the United States he insisted that “we should visualise our inland waterways as great consolidated transport systems rather than as disconnected in individual river and canal improvements” and under him the American administration vigorously undertook a comprehensive programme of inland, waterways development.

The Committee have always insisted on the necessity of the Government training up a cadre of Indian engineers who should specialise in river engineering and who should be assisted to acquire an intimate knowledge and experience of conditions and problems connected with deltaic rivers. Questions like erosion, deposition of silt, flood control, river bars, etc are common to several deltaic rivers and young Indian engineers should be specially sent abroad in order to study the measures adopted in other countries for this purpose. with a view to enable them to apply subsequently that knowledge to Bengal waterways with whatever modifications are necessary to suit local conditions. The Committee are therefore, in favour of the suggestion made in Mr. S C Majumdar's note regarding the establishment of a river physics laboratory and a research officer to study and solve the rather complicated river problems of Bengal.

The Committee trust that these observations will receive the careful consideration of the authorities.

ADEQUATE PARTICIPATION OF INDIAN SHIPPING IN INDO-BRITISH
MARITIME TRADE.

Copy of Telegram dated the 21st May, 1939.

*From the Chamber to the Government of India and to
Sir Purshotamdas Thakurdas and Mr. G. D. Birla,
(Non-official Advisers to the Government of India
for the Indo-British Trade Negotiations).*

"Committee Indian Chamber of Commerce, Calcutta, earnestly invite your attention to the representations of Indian shipping interests for adequate participation of Indian shipping in the Indo-British maritime trade and trust you will endeavour secure a legitimate share for Indian national shipping in the seaborne trade between India and Great Britain as an integral part of Indo-British Trade Agreement. Committee submit such participation would serve implement Governments declaration of policy to assist development of Indian shipping in overseas trade and give effect to the principle widely recognised that the claims of national shipping should form a vital part of Trade Agreements between different countries. Committee maintain that Indias market and bargaining power should be utilised for securing a reasonable share for Indian shipping in Indo-British maritime trade. Committee trust that means would be devised to secure equitable share of Indo-British maritime trade for Indian shipping."

Copy of letter dated the 23rd May, 1938.

*From Sir Purushotamdas Thakurdass, Chairman, Committee of
Unofficial Advisers in connection with Indo-British
Trade Negotiations.*

I have received a telegram from you dated the 21st instant, on lines similar to those that have been received from other bodies. The Indian National Shipowners Association have represented to us on similar lines, and their views have been before the Committee of Advisers and have been forwarded to the Government of India for full consideration. It however strikes me that at this juncture when the terms of agreement with one section of British Commerce and Industry are being considered, it is difficult to bring in this question in a decisive manner. Unless, therefore, your Committee's intention

is that if no relief is promised to Indian shipping by the Lancashire interests, we should give up further negotiations with them, it is difficult to understand the purpose of your telegram at this juncture. If, however, your intention is to bring this matter to our notice for consideration at the final stage of the trade treaty with the Board of Trade, I may say that this point will not be overlooked.

There are many questions regarding shipping, banking, insurance, etc. which will be brought to the notice of the Government of India with our recommendations at the final stage of the negotiations once more, and I write this to assure you, on behalf of the Unofficial Advisers, that this point has not been lost sight of.

Copy of letter No. 20-T(21)/38 dated the 6th June, 1938.

From the Government of India, Dept. of Commerce, to the Chamber.

SUBJECT:—Participation of Indian Shipping in Indo-British Trade.

I am directed to refer to your telegram to the Honourable Sir Mohamad Zafrullah Khan, dated the 21st May 1938, on the above subject and to say that the views of your Chamber have been noted by the Government of India.

HOURS OF WORK FOR INDIAN SEAMEN.

Copy of letter No. 8/28, -⁴/₉/35 dated the 5th January, 1938.

*From the Principal Officer, Mercantile Marine Department,
Calcutta District to the Chamber*

SUBJECT:—Hours of Work for Indian Seamen.

I have the honour to forward herewith a copy of letter No. 88-M. 11(7)/37 dated the 8th December, 1937, from the Government of India, Department of Commerce, together with copies of its enclosures on the above mentioned subject, and to request that you will be so good as to favour me with your views and suggestions as early as possible, on the various points raised by the Government of India.

Letter No. 1060 dated the 25th May, 1938.

*From the Chamber to the Principal Officer, Mercantile Marine
Department, Calcutta District.*

RE:—Hours of Work for Seamen.

I am directed to invite reference to your letter No. 8/28. 9/35 dated the 5th January, 1938, on the above subject and to state below the views of the Committee in the matter.

The Committee note from the copy of letter No. 88-M-II(7)/37 dated the 8th December, 1937, from the Government of India, Department of Commerce, to yourself that the Government are of opinion that the question of ratification of the Convention relating to hours of work for seamen on board ship adopted at the 21st (Maritime) Session of the International Labour Conference held in October, 1936, should be postponed for decision until such time as His Majesty's Government adopt them and apply the provisions to British seamen. In view of the fact, that the Government of India do not, desire to ratify the convention at present, the Committee do not propose to offer their detailed observations on the subject except to state that they do not favour its ratification as it will adversely affect Indian Shipping.

The Committee would, however, like to offer some remarks regarding the question of applicability of the International Convention relating to hours of work for Indian seamen as they cannot agree with the attitude indicated in the Government's letter dated the 8th December referred to above. The Committee have to point out in this connection that the Indian Employers' Delegates representing Indian shipping have all along opposed the proposal to exclude Indian seamen from the application of such convention and for giving them special treatment so as to make them work for a longer number of hours than the hours of work laid down for the other seamen in the International Convention. For example, at the Preparatory Maritime Conference which was held at Geneva in November/December, 1935, Mr. D. S. Erulkar, the Indian Shipowners' Delegate, pointed out how the claim which was made by the Government of India for the exclusion of Indian seamen from the eight hours a day at sea could not stand the test of examination under Article 405. He stated that this question was first raised at the 1920 Conference on the initiative of British Government when it was sought to exclude lascars from the operation of the Draft Convention on hours of work then before the

Conference and that all along the Government of India demanded under the exceptions permissible by paragraph 3 of Article 405, the exclusion from the operation of the convention *not* of India as a country as they should have done but the exclusion of lascars as a category of workers which could not have been contemplated or intended under that Article. It was emphasised by the Indian Ship-owners Representative that the particular Article of the Peace Treaty did not provide either in its wording or by its intention for exception being made in respect of any category of workers but only for exception in respect of a particular country in regard to which climatic conditions or imperfect state of the Industry warrant the country's exclusion from the operation of the Convention. It is clear that exemptions under the Convention can be granted in respect of a country in which the climatic, industrial and other conditions justify such a modification but they are not meant to be applicable to any particular category of seamen, irrespective of their being employed on vessels of countries other than to which the modification applies. In the case of Indian seamen, therefore, all that can be reasonably and legitimately urged is that modification can be permitted under Article 405, paragraph 3, to those of them employed on ships registered in India but such exemptions cannot be applicable to other countries which might choose to employ Indian seamen. This attitude was also adopted by Mr. M. A. Master who represented Indian shipowners at the 21st Session of the International Labour (Maritime) Conference where he supported the stand taken by Mr. Aftab Ali, Indian Seamen's Representative on this point. In fact, the Indian Seamen's Delegate stated at the Conference that the Government of India had also refrained on that occasion from reviving their proposal of exempting Indian Seamen from the operation of the Draft Convention for Hours of Work and he expressed his gratitude to Sir Feroze Khan Noon, the High Commissioner for India and the Government Delegate, at the Conference in this connection. So far as the Committee are aware, no proposal to mete out any special treatment for Indian seamen was made at the Conference. The Committee are, therefore, surprised that the Government of India have altered their views again and now favour a policy of differential treatment for Indian seamen.

The Committee regret that they cannot accept the grounds on which the Government urge special treatment for Indian seamen in their letter of 8th December. It is contended, for example, that Indian seamen are less efficient than the European seamen by reason of their inferior physique and lower level of education. Assuming this to be

the case, it is somewhat surprising that the Government should favour longer hours for Indian seamen despite their poorer physique. But while the Government object to any reduction of hours of work for lascars on the ground that in that case it would be increasingly difficult to obtain employment, they are, on the other hand, prepared to reduce their hours of work, if necessary, "so as not to place them in a more favourable position in international competition relative to other seamen than at present." It is apparent that these two statements are difficult to reconcile. For, Government should not object to include Indian seamen serving in foreign-going ships in different climatic conditions within the scope of the International Convention on the ground of necessity of providing employment for them while at the same time expressing solicitude for the interest of non-Indian seamen who might be thrown out of employment owing to the competition of Indian seamen.

The Committee cannot accept the view that the Indian seaman in the engine room or in the saloon department is less efficient than his European colleague. The Indian steward, for example, can attend and does attend to the same number of tables as his European colleague while it is wellknown that an Indian fireman is able to give a better account of himself in the engine room than his European fellow-worker especially in tropical climate. The Indian lascar is, as a rule, sober, disciplined and hardworking and is preferred mainly because he proves economical to his employer. It might be added in this connection that the low standard of wages and living of Indian seamen have given rise to persistent agitation on the part of British seamen for restricting their employment on British ships and for substituting them by British seamen on those vessels.

As regards the suggestion made in paragraph 5 of the Government of India's letter dated the 8th December, the Committee are of opinion that since Indian seamen on British vessels are engaged in India and since they are not included in the collective agreements made in England under the National Maritime Board, it is desirable that an Indian National Maritime Board for the settlement of such questions as are dealt with by the National Maritime Board in England, should be immediately established more or less on the lines on which such a Board functions in England. As questions regarding hours of work, wages, conditions of service, etc., in regard to Indian seamen are not regulated by law but are determined between the employers and the crew at the time of engagement, it is all the more necessary that an Indian National Maritime Board should be

constituted to safeguard the rights and interests of Indian Seamen in co-operation with the shipping interests concerned. Important questions arising out of the International Conventions which are to be settled by collective agreements, might also be referred to such a Board. The Committee trust that the Government of India will favourably consider this question of constituting and organising an Indian National Maritime Board representative of the interests of shipping and seamen.

The Committee regret the delay in replying to your letter.

PROPOSED AMENDMENTS TO THE INTERNATIONAL CONVENTION FOR THE
SAFETY OF LIFE AT SEA, 1929.

Copy of letter No 46-M. I/38 dated the 4th April 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—Proposed amendments to the International Convention
for the Safety of Life at Sea 1929.

I am directed to forward copy of an amendment to Articles 26 and 27 of the International Convention for the Safety of Life at Sea, 1929, proposed by the Norwegian Government and of a statement of the "motives" underlying the proposal. I am to request that the Government of India may be informed at an early date whether your Chamber sees any objection to the proposed amendment.

Letter No. 1004 dated the 16th May, 1938.

From the Chamber to the Government of India, Dept. of Commerce

I am directed to invite reference to your letter No 46-M. I/38 dated the 4th April, 1938, forwarding for views of the Chamber a copy of an amendment to Articles 26 and 27 of the International Convention for the Safety of Life at Sea 1929 proposed by the Norwegian Government. The Committee have carefully considered the matter but they do not find any justification in the statement of the Organisations of the Norwegian Seamen and Ships Officers for reducing the existing tonnage limit of cargo ships as mentioned in Articles 26 and 27 to which the compulsory installation of a radio telegraph is applicable. The Committee have to point out that this

question was carefully and thoroughly considered at the Conference held in 1929 and any radical change in the limit of the tonnage to which the various provisions of the International Convention apply, should not be considered merely at the instance of some one Government or shipping organisation. Unless a very strong case is made out justifying the installation of a radio telegraph on cargo ships under 1600 tons, it is undesirable, in the opinion of the Committee, to impose this additional burden on shipping. The Committee therefore, are not agreeable to the proposed amendment.

LIGHT VESSEL ON THE EASTERN CHANNEL.

Copy of letter No 49605 dated the 29th June, 1938.

From the Commissioners for the Port of Calcutta to the Chamber.

The Commissioners now utilise a blue light composition as a flare on the Light Vessel at the Eastern Channel during the Monsoon to increase the range at which approaching vessels can pick up the light of this navigational mark. The practice was brought into operation subsequent to the year 1887 when the light used on the Eastern Channel Station had a probable maximum power of 3,000 C.P., with a fine weather visibility of about 12 miles and a "misty weather" visibility of about 6 miles whereas the present light is of 80,000 C. P. and the loom is visible about 15 miles in fine weather and the light itself 12 miles in "misty weather." The Commissioners are unaware of any other Light Vessel of this power augmenting its normal range in this way. Moreover the Pilot Brig now exhibits every fifteen minutes an elevated searchlight beam which is visible from much longer distances. This point is of special importance when it is remembered that, while the Light Vessel is of course the "navigational mark," vessels approaching the Port must "make" the Pilot Brig.

In these circumstances a reference was made to the Deputy Port Officer (Pilotage) who has agreed, so far as he is concerned, to the use of blue light at the Eastern Channel Light Vessel being discontinued as an experimental measure. I therefore beg to enquire whether your Chamber will also agree to this experiment. I may add that blue light which is purchased and produced within the country now costs the Commissioners approximately Rs. 10,000 a year. No further supplies are being manufactured in India and if it is necessary to import blue light in the future this expenditure will probably be doubled.

Letter No. 1409 dated the 18th July, 1938.

From the Chamber to the Commissioners for the Port of Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to acknowledge your letter No. 49605 dated 29th Ultimo and to state that as all the vessels approaching the Port "make" the Pilot "Brig," the Committee are of opinion that the discontinuance of blue light at the Eastern Channel Light Vessel will not inconvenience the incoming vessels. Moreover, as the visibility of the light from the Pilot "Brig" is more powerful than that of the blue light from the Eastern Channel Light Vessel, the Committee agree to the use of this light being discontinued, as an experimental measure.

SICKNESS INSURANCE FOR INDIAN SEAMEN.

Copy of letter No. 2185-2207 dated the 28th July, 1938.

*From the Principal Officer, Mercantile Marine Department,
Calcutta District, to the Chamber.*

SUBJECT —Sickness Insurance for Indian seamen.

I have the honour to forward herewith for information a copy of Government of India, Commerce Department letter No. 88-M. 11(15)/37 dated the 8th July, 1938, on the abovementioned subject, and to request you to be good enough to furnish me as early as possible with your considered views on the points raised therein.

Letter No. 2824 dated the 31st October, 1938.

*From the Chamber to the principal Officer, Mercantile Marine
Department.*

I am directed to invite reference to your letter No. 2185-2207 dated the 28th July, 1938. forwarding for the views of the Chamber a copy of the Government of India, Department of Commerce, letter No. 88-M.11(15)/37 of the 8th July, 1938, regarding Sickness Insurance for Indian Seamen. The Committee have considered the observations made by the Government of India in their letter and have to submit their views on the same as under.

The Committee note that the subject of protection to seamen in case of sickness was one of the items placed on the Agenda of the 21st Maritime Session of the International Labour Conference and the Government of India Delegates were at that time asked to take the attitude that the recommendations of the Labour Commission regarding the provisions of a measure for alleviation of hardship arising from sickness among labourers were under the consideration of the Government of India and they were, therefore, unable to offer any useful opinion at that stage. The Committee further note that the recommendations of the Labour Commission have since been examined by the Government in consultation with the interests concerned and they have come to the conclusion that the starting of a sickness Insurance scheme covering all classes of workers is not practicable for the time being. The Committee, however, regret to point out that neither were they nor the member-shipping companies who employ a large number of seamen on the coast were consulted in this matter.

The Committee are further unable to agree with the opinion held by the Government of India, that the institution of a compulsory system of Sickness Insurance in India for the benefit of all seamen covered by the Convention adopted by the 21st Session of the Labour Conference and the grant of cash and other benefits contemplated therein cannot be undertaken except as a part of a comprehensive system covering all classes of labourers. The Committee do not believe that sickness insurance cannot be introduced in the country because most of the seamen are part time agriculturists and illiterate or because of the unemployment among the seamen. The Committee would point out that these so-called illiterate seamen are employed in large numbers in foreign ships and go to the foreign parts of the world.

The Committee appreciate that the Government of India are, however, in full sympathy with the principles underlying the sickness insurance convention and that they desire that the possibility of introducing some system of sickness insurance should be explored possibly for a particular class of seamen at special centres. The Committee would mention here that according to the figures given by the Board of Trade, 43,000 Indian seamen have been employed on British ships registered in the United Kingdom and the owners of these ships are under an obligation to pay their contributions under the National Health Insurance Act for the seamen employed by them even if they are neither domiciled nor have a place of residence in the United Kingdom. Such contributions, as the

Government are aware, are made by the owners of these ships even for Indian seamen employed by them but the amount of contribution is not utilised for the benefit of Indian seamen but is spent solely for the welfare of the British seamen. The Committee fail to appreciate how such a large class of seamen can be excluded by the British Shipowners from the benefit of the scheme of Sickness Insurance particularly in view of the fact that the rate of wages paid to the Indian seamen is only about one-third of the rate paid to the European seamen. The Committee would, therefore, urge that every effort should be made to secure an agreement with His Majesty's Government that the amount of contribution made by the British Shipowners registered in the United Kingdom under the National Health Insurance Act for Indian seamen employed by them should be handed over to the Government of India to be utilised for the benefit of Indian Seamen. The Committee, however, do not consider it advisable that the scheme should be organised for only one class of seamen for it is bound to cause injustice and dissatisfaction. The Committee would, therefore, suggest that arrangements should be made in the beginning in a way as to bring ultimately all seamen under the Sickness Insurance Scheme.

The Committee would also point out here that no wages are generally paid to the sick seaman after he is sent off and that his treatment is not deemed to be the concern of the shipowner after he has landed at the proper port of discharge. This entails considerable hardship on the seaman and the Committee would, therefore, suggest that a more liberal provision in regard to the period up to which wages should be paid to sick seaman as well as the period up to which it should be the liability of the shipowner to pay for his treatment should be introduced in law. Provisions may be introduced in the Agreement which is made for the employment of the Indian seamen by the owners of British ships in the United Kingdom Registry as would enable them to secure the benefit of these liberal provisions. The Committee would also like to mention here that it is difficult to secure proper hospital treatment for Indian seamen at the important ports in India and the seamen find it extremely difficult to get treatment for certain diseases such as Venereal diseases as in-patients at the hospitals at the Major ports of the country. The Committee would point out that hospital dues are levied on shipping for this purpose and although large sums stand to the credit of this fund, the ports do not afford suitable hospital facilities for treatment of seamen suffering from diseases.

The Committee trust the views they have expressed above will receive your careful consideration.

APPROACH ROADS TO THE NEW HOWRAH BRIDGE.

Letter No. 01513 dated the 27th July, 1938.

From the Chamber to the Government of Bengal, Department of Communication & Works.

I am directed to invite reference to your letter No. 3298C, dated the 3rd September, 1937, regarding approach roads to the New Howrah Bridge. The Committee were informed in the letter that when the construction of the Bridge would sufficiently advance and the total cost be fairly ascertained, a decision would be taken whether additional works were necessary and if so who should execute them.

The Committee, however, understand that a proposal was placed before the Standing Committee on Roads in January last to construct an approach road on the Howrah side from the Grand Trunk Road to the western end of the traffic circus of the Howrah Bridge by widening the present Hari Mohan Bose Road. It was also estimated that the cost would amount to Rs. 12½ lakhs out of which the contribution from the Road Fund would be Rs. 6½ lakhs.

The Committee may, however, point out that what the people, not only of Howrah, but of Lilloah, Belur, Bally, Uttarpura and other northern areas, have been for a long time insisting upon is an approach road from the Southern end of the Howrah Road to the New Howrah Bridge passing over the E. I. Railway Goods line to the salt-golas. The public in Howrah as also various associations have definitely expressed their opinion that if a road as proposed by the Standing Committee is constructed, there would result a great congestion of the traffic coming from North Howrah and other northern areas, in the narrow roads leading to Dobson Road. Moreover, the traffic will be considerably delayed by the level-crossing of the E. I. Railway Goods line, known as the Punjab Line. The shunting neck of the E. I. Railway Goods line being situated close to this crossing, all traffic over Dobson Road is held up several times a day near the crossing causing great delay and inconvenience to the people of the Northern areas coming from or going to Howrah Station, South Howrah, Shalimar or Calcutta. The traffic over the Grand

Trunk Road is also delayed by the level-crossing at the end of the Punjab Line. Moreover, the traffic over Howrah Road will have unnecessarily to take a detour over Dobson Road in order to reach the new Howrah Bridge. The Committee of the Chamber are, therefore, of the opinion that if a road as proposed by the Standing Committee is constructed, the residents and the industrial concerns in the Northern areas will be put to much unnecessary delay and trouble in reaching the Bridge and incidentally the business quarters at Calcutta.

The Committee believe that the suggestion approved of by the public in Howrah about constructing a Road from the southern end of the Howrah Road proceeding by way of a gradually sloping road-way to the traffic circus of the New Bridge is a practicable one and will avoid the difficulties and delay which would otherwise result to the traffic coming from the Northern areas. There will be no delay at the two level-crossings and the New Bridge will be linked up with the Main Roads of North Howrah, Lillooah, Belur and Bally. Moreover, a diagonal arterial road from the South end of Howrah Road further up to the junction of Haragunge Road and the Grand Trunk Road can also be constructed in future and the flow of the traffic can move unimpeded between the New Bridge and Lillooah, Belur, Bally, Uttarpara and further up-country without delay and unnecessary detours.

The Committee would, therefore, emphasise that instead of constructing an approach road from the Grand Trunk Road by widening the Hari Mohan Bose Road, the approach road should be from the southern end of the Howrah Road proceeding by way of a gradually sloping road-way over the E. I. Railway line to the traffic circus of the New Bridge. The Road as proposed by the Standing Committee would only add a parallel road to Chhandmari Road and Grierson Road within a short distance and would not solve the traffic difficulties. Such a road would only delay and obstruct traffic especially the heavy vehicles traffic from the Jute Mills, cotton Mills, presses, workshops and factories situated at Northern Howrah and the surrounding areas and their business will consequently stand to suffer.

The Committee trust that the matter will receive your careful consideration.

Letter No. 01986 dated the 20th September, 1938.

From the Chamber to the Calcutta Improvement Trust.

I am directed to invite reference to the correspondence resting with your letter No. 33 dated the 6th April, 1937, regarding Approach Roads to the New Howrah Bridge. The Committee understand the Calcutta Improvement Trust now propose to extend their activities in certain areas in the jurisdiction of the Howrah Municipality. The Committee would, therefore, bring to your attention the question of constructing an Approach Road from the North to the New Howrah Bridge on the Howrah side.

The Committee of this Chamber are given to understand that a proposal was placed before the Standing Committee on roads in January last to construct an approach road on the Howrah side from the Grand Trunk Road to the western end of the traffic circus of the Howrah bridge by widening the present Hari Mohan Bose road. The Committee are informed that it has been estimated that the cost would amount to Rs. 12½ lacs out of which the contribution from the road fund would be Rs. 6½ lacs. The Committee may, however, point out that what the people not only of Howrah but of Lillooah, Belur, Bally, Uttarpara and other northern areas have been for a long time insisting upon is an approach road from the southern end of the Howrah side to the new Howrah Bridge passing over the E. I. Railway Goods line to the Salt Golas. The Committee understand that the public in Howrah as also a number of associations have definitely expressed their opinion that if a road as proposed by the Standing Committee is constructed, there would result a great congestion of the traffic coming from North Howrah and other northern areas, in the narrow roads leading to Dobson Road. It has also been pointed out that the traffic will further be considerably delayed by the level crossing of the E. I. Railway Goods line, known as the Punjab line. The shunting neck of the E. I. Railway Goods line being situated close to this crossing, all traffic over Dobson Road is held up several times a day near the crossing causing a great delay and inconvenience to the people of the Northern areas coming from or going to Howrah station, South Howrah, Shalimar or Calcutta. The traffic over the Grand Trunk Road is also delayed by the level crossing at the end of the Punjab line. Moreover, the Committee understand the traffic over Howrah road will have unnecessarily to make a detour over Dobson Road in order to reach the New Howrah Bridge. The Committee of the Chamber are, therefore, of the opinion

that if a road as proposed by the Standing Committee is constructed, the residents and the industrial concerns in Northern areas will be put to much unnecessary delay and trouble in reaching the bridge and incidentally the business quarters at Calcutta.

The Committee believe that the suggestion approved of by the public in Howrah about constructing a road from the southern end of the Howrah Road proceeding by way of a gradually sloping road-way to the traffic circus of the New Howrah Bridge is a practicable one and will avoid the difficulties and delay which would otherwise result to the traffic coming from the Northern areas. There will be no delay at the two level crossings and the New bridge will be linked up with the Main Roads of North Howrah, Lilloah Belur and Bally. Moreover, a diagonal arterial road from the south end of Howrah Road further up to the junction of Haragunge road and the Grand Trunk Road can also be constructed in future and the flow of the traffic can move unimpeded between the New Bridge and Lilloah, Belur, Bally, Uttarpara and further up-country without delay and unnecessary detour.

The Committee would, therefore, emphasise that, instead of constructing an approach road from the Grand Trunk Road by widening the Hari Mohan Bose Road, the approach road should be from the southern end of the Howrah Road proceeding by way of gradually sloping road-way over the E. I. Railway line to the traffic circus of the New Howrah Bridge. The Road as proposed by the Standing Committee would only add a parallel road to Chandmari Road and Griersone Road within a short distance and would not solve the traffic difficulties. Such a road would only delay and obstruct traffic especially the heavy vehicles traffic from the Jute Mills, Cotton Mills, presses, workshops and factories situated at Northern Howrah and the surrounding areas and their business will consequently stand to suffer.

The Committee of the Chamber understand that the Improvement Trust have now extended their activities within the Howrah Municipality and propose to provide building sites and create new and improve the existing means of communication and facilities for traffic. The Committee believe the suggestion they have made about will much improve the facilities of communication to the New Howrah Bridge and they trust you will appreciate their suggestion and kindly see your way to include the same in your programme.

Letter No. 02276 dated 2nd November, 1938.

From the Chamber to the Government of Bengal, Department of Communication and Works, (Communications Branch).

RE:—Northern Approach of the New Howrah Bridge on the Calcutta side.

I am directed to refer to the correspondence resting with your letter No. 3298C of the 3rd September, 1937 on the above subject. You had then informed the Committee that as the Government desired an early liquidation of the capital debt of the New Howrah Bridge Commissioners, it was "not considered desirable that they should be burdened with further works at the present moment", and that the matter will be considered by the Government further "when the construction of the bridge has sufficiently advanced."

The question about the provision of a Northern Approach on the Calcutta side was again discussed recently in the Calcutta Corporation arising out of the request of the Port Commissioners for certain portions of the Corporation land being made over to the former for purposes of the construction of the Southern Approach Road. The Corporation refused permission for the land being made over to the Port Commissioners "unless the latter agreed to provide for the Northern Approach Road" and the Committee are given to understand that the Port Commissioners have now decided to approach the Government of Bengal to take the necessary steps to secure the land for them under the Land Acquisition Act.

The Committee beg to take this opportunity of inviting your attention again to the necessity of the Northern Approach to the New Howrah Bridge particularly as the matter seems to be pending between the Bridge Commissioners on the one hand and the Calcutta Improvement Trust on the other without either of the parties taking any decision in the matter with the result that if the importance of the Northern Approach is not kept in view, there is every likelihood of the interests of a large section of the City's population residing in North Calcutta being jeopardised.

Ever since the year 1934 when the plans of the construction of the New Howrah Bridge were being made, this Chamber has been pressing for the necessity of providing Northern Approaches to the New Howrah Bridge. As a matter of fact, the plans first prepared

by the Port Commissioners included the Northern Approach on the Calcutta side though the plan was afterwards modified to provide only the South Approach Road and this modified plan was sanctioned by the Government of Bengal. The Committee, therefore, appreciate your contention that so far as the strict legal position is concerned "the Commissioners for the New Howrah Bridge will perform the essential part of their duties if they provide one road between the Harrison Road and the New Howrah Bridge on the Calcutta side" But they need hardly point out that it is not desirable to regard the New Howrah Bridge in a too parochial light only as a link between the Strand Road and the Howrah Station but should be regarded as an essential link between Calcutta as a whole on the one side and Howrah on the other. The Committee are constrained to note that the Government of Bengal do not look upon the Northern Approach Road as an "essential part" of the scheme of the New Howrah Bridge and are thus overlooking the interests of the large and important section of the population residing north of Harrison Road. The citizens of Calcutta are paying an annual contribution of Rs. 5 lakhs for the new bridge and even on a conservative estimate more than half of this amount comes from those residing north of Harrison Road. The Committee regret that in return for this contribution the residents of North Calcutta are to get no direct connection with the proposed bridge but would be left with the prospect of an interminable journey between North Calcutta and Harrison Road and thence back to the bridge. Apart from the fact that the absence of a northern approach would thus involve a great hardship to the residents of North Calcutta who will be left without any direct connection with the bridge, it would also inevitably result in congestion of traffic on the southern approach with the consequential inconvenience and hardship to all concerned. In 1934, when the question came up before the Corporation, the Chief Engineer of the Calcutta Corporation reported that "It is indispensable to provide a northern approach to the bridge. This should be made an essential requirement of the scheme. The construction of northern approach is an immediate necessity. The traffic from and to the northern districts should have direct communication to the bridge via Strand Road and Jaganath Ghat Road.....This will greatly reduce congestion at the junction of Harrison Road." The Calcutta Corporation upheld this view and resolved as far back as the 29th January, 1935, that "an approach road to the north is essentially necessary and that it should form a part and parcel of the scheme and be included in the estimate." In their meeting of the 24th August 1938, the Corporation again reiterated the above resolution. Indeed, the case for the

northern approach is beyond dispute. Even the Port Commissioners have never questioned its necessity and usefulness but have only pleaded paucity of funds and the physical difficulty in carrying out the project inasmuch as the land will be needed for construction purposes until the project is finished. As a matter of fact, during the recent discussions between the Calcutta Corporation and the authorities of the Port Commissioners, the Corporation was assured on behalf of the latter that "the northern area of the bridge approach connecting Jhagannath Ghat Road would be taken up as soon as funds permit." In his letter dated the 10th June 1938 to the Chief Executive Officer, Calcutta Corporation, the officiating Chairman of the Port Commissioners observed that "with regard to the proposed northern approach I have to say that this approach could not possibly be constructed until the southern approach has been completed. The Commissioners have never stated that the construction of the approach is unnecessary It may interest you to know that Commissioners' land is available for the work and indeed some dotted lines showing the approach will be seen on the enclosed plan."

The Port Commissioners have, however, all along been maintaining an indecisive attitude towards this project. When the Chamber took up this question last year with them, they referred the Chamber to the Calcutta Improvement Trust who, in turn, replied saying that "the responsibility for the approaches to the bridge, whether from the north or from the south lies with the Commissioners for the New Howrah Bridge; and it is entirely for them to say whether they will include in the project for the bridge an approach to connect with the road system available on the north." The Government of Bengal also in their letter of the 3rd September, 1937, referred to above, did not give any definite reply as to the authority responsible for the construction of the northern approach roads. While the Improvement Trust, as stated above, have definitely stated that the responsibility for the northern approaches rests with the Bridge Commissioners, the Committee understand that the attitude of the Bridge Commissioners is also stiffening and that whereas previously they did not commit themselves one way or the other, it is now felt and suggested that the cost of the northern approach road should not be borne by them *'even if it is found on completion of the bridge that they can afford to finance it.'* The Committee are therefore strongly of opinion that an early decision must be taken in this matter and the responsibility for constructing the northern approach be fixed finally one way or the other. If, due to any reason, the Government do not find themselves in a position to do so, the

Committee would strongly urge them at least to give a definite assurance that a northern approach and approach road shall be constructed. In view of the fact that the matter has been pending for a long time and both the Calcutta Improvement Trust and the Commissioners for the New Howrah Bridge refuse to accept the responsibility for the same, it is essential that the Government of Bengal should give the assurance asked for in order to allay the apprehension created in the minds of the large number of residents of North Calcutta due to this uncertainty. The Committee trust that the Government of Bengal will give sympathetic and early consideration to the matter.

An early reply will oblige.

Copy of letter No. 6291-C dated the 5th/7th December, 1938.

From the Government of Bengal, Department of Communications and Works, to the Chamber.

With reference to your letter No. 02276 dated the 2nd November 1938, I am directed to say that the position with regard to the question of providing approach roads to the New Howrah Bridge from the North on both the Calcutta and Howrah sides was stated in Bengal Government, Communications and Works Department letter No. 3298-C., dated the 3rd September, 1937. Government have no comments to make at present on the Resolution of the Calcutta Corporation to which you have referred in your letter.

RATE-WAR in HAJ TRAFFIC.

Letter No. 1789 dated the 6th September, 1938.

From the Chamber to the Government of India, Department of Commerce.

I am directed to invite your attention to the impending rate war in the traffic for the carriage of Haj pilgrims between India and Jeddah during the ensuing Haj season and have to request the Government to take immediate and effective action in order to prevent drastic rate-cutting and uneconomic competition in this trade so that an Indian shipping enterprise is not driven out of this sphere of traffic in which it has begun to participate since last year.

2. The Committee may point out that the participation of Indian shipping in this trade was welcomed by persons interested in the welfare of pilgrims including the Port Haj Committees of Calcutta, Bombay and Karachi. In fact, the Indian shipping company was invited to come into this trade as the pilgrim passengers were experiencing several difficulties with the existing British shipping line and wanted, therefore, another concern to provide healthy competition. The Government of India themselves were not averse to such participation as shown by the fact that Mr. Dow, Commerce Secretary of the Government of India, stated in the Council of State on 29th September, 1937 that "more than one Department of the Government of India is prepared to welcome a little competition coming into that line."

3. So far as the port of Calcutta is concerned, it is essential to state that Messrs. Turner Morrison & Co., who have been virtually controlling this traffic for the last several years, have all along expressed themselves in favour of closing down the port of Calcutta for Haj traffic. Nevertheless, when the Scindia Steam Navigation Company declared their willingness to berth a steamer from Calcutta, the British Shipping Company offered stout opposition to such a proposal and berthed a steamer against the Scindia. Despite this, however, the Scindia Company's venture at Calcutta was a success last year as their steamer carried 678 passengers which was more than had been carried in a single sailing by the Mogul Line during the previous five years and the steamer also reached Jeddah from Calcutta within a comparatively shorter period of 14 days. In addition to this number, about 336 pilgrims were carried by the steamer of the British shipping line making a total of over 1000 pilgrims embarking from the Port during the year which shows that Calcutta has possibilities of being developed as a pilgrim port.

4. As soon, however, as the Scindia Company announced their decision to participate in this traffic, the British Shipping company declared that they would carry on a rate-war against the Indian shipping enterprise and their Chairman, Mr. French, mentioned in a public statement that "we will carry it with all our resources." In pursuance of this declaration, a drastic rate-war ensued at Karachi where the Mogul Line brought down the scheduled return deck fare from Rs. 172 to bare Rs. 20 which meant a virtual gift by the shipping companies of Rs. 27 per head to the pilgrim and involved the shipping companies concerned in a heavy loss.

5. The Government of India themselves have naturally been concerned at this unhealthy development since such ruinous competition is undesirable from the point of view of pilgrims as well as of shipping. In view of the public feeling in this matter and of the representation made to the Government of India by the Indian shipping interests in this connection, they convened a Conference in July last of representatives of the shipping interests concerned in order to put an end to the rate war. That Conference, however, achieved no result for reasons which have not been authoritatively disclosed by the Government. It is understood, however, that the representatives of the British shipping line were not prepared to discuss the question of rate-war so that no efforts could be made by the authorities to arrive at some understanding or arrangement for an amicable settlement. The Committee regret to observe that subsequent to the failure of the Conference, the Government have taken no action in the matter.

6. In the meanwhile, the British shipping company have issued leaflets in several parts of the country asking the intending pilgrims not to book their passages but to wait till they reached the port of embarkation and book their tickets at the lowest possible rates. Moreover, they have now announced their decision to reduce the first and second class passage fares from Bombay and Karachi by Rs. 100 and deck passage fares by Rs. 25 in their sailings before the Ramzan and the Committee understand that the Port Haj Committees have also been officially notified of these reductions. In other words, the British shipping concern does not want to come to any reasonable understanding at all but is determined to wage drastic rate-war from now onwards in order to squeeze out the Indian shipping enterprise. This is a serious matter which demands the earnest attention of the Government.

7. The Committee have to point out that this threat of a rate war has been disapproved by the Port Haj Committees which are an impartial body and are concerned solely with the welfare of the pilgrims. The Committee have to draw your attention in this connection to the statement issued by the Chairman of the Calcutta Port Haj Committee on 18th August, 1938 wherein he stated that it was extremely undesirable to drive out the Scindia Company by cutting down the rates and asked the Government to take strong measures to prevent this move on the part of the Mogul Line. The Port Haj Committee of Karachi has also recently adopted a Resolution welcoming the entry of the Scindia Steam Navigation Company in the Haj traffic and appreciating the way in which it has procured comforts

and facilities for the pilgrims visiting the holy places. This Committee has also expressed its anxiety to see that this Company is not squeezed out of the trade by drastic rate war. The Committee further understand that the Port Haj Committee of Bombay has also addressed a letter to the Government of India through the Bombay Government that the rate war should be put an end to. The Committee trust that this advice of independent authorities will be carefully considered by the Government.

8. The Committee have further to state that the Scindia Company have placed two steamers specially built and peculiarly suited for this traffic on this run and their ships established new records in their voyage from Bombay, Karachi and Calcutta during the last pilgrim season while their accommodation and facilities have earned the encomiums of leading Muslims. The Committee will only quote a brief extract from a letter by the Secretary of the Provincial Haj Committee of the North-West Frontier Province in this connection:—

“No doubt your ships were new and comfortable, your staff was very obliging and helpful, the food served on board your ship was decent and abundant, sweet and fresh water was always available for “wuzu,” a spacious room was reserved for the Namaz in mass, medical aid was always at hand, all the necessities were well provided, and above all at Jeddah and Mecca free accommodation and sometimes free food was given to the poor Hajis—all these amenities which were provided at a heavy loss were really laudable and totally obliterated the memory of the past inconveniences.”

The Committee feel that the provision of such amenities and facilities by an Indian Shipping Company is only possible if they are allowed to run this service on an economic basis. In the event of drastic rate-cutting and uneconomic competition, provision of such facilities will become impossible and the Indian enterprise will be forced out of this traffic.

9. The Committee have to state that this pilgrim traffic from India has in the past been catered for by Indian shipping companies and it is one which emanates from and terminates in India and is concerned with the carriage of Indian pilgrim passengers only. It is, therefore, legitimately India's own sphere of overseas trade. Besides, the very fact that in this traffic, unlike in other passenger traffic,

maximum fares are laid down and special obligations are imposed upon shipowners in regard to space, return passage, food arrangements etc., shows that this traffic is treated in a special category by the Government themselves. The Government of India have in the past expressed their adherence to a policy of development of Indian shipping not only in the coastal but also in the overseas trade of the country. The Indian commercial community is, therefore, entitled to demand that in this particular sphere of overseas trade, which can be rightly characterised as belonging to the country itself for reasons mentioned above, Indian shipping should be assisted and encouraged instead of being permitted to be driven out by rate-cutting on the part of non-Indian interests. On the other hand, the interests of the pilgrims themselves demand the maintenance of healthy competition in regard to the provision of amenities and facilities to the pilgrims which is only possible if the shipping companies can run their services on an economic basis. It is worthwhile noting that no such rate-cutting is resorted to by the British shipping interests when other foreign lines cater for cargo traffic along with the Mogul Line. If Empire maritime policy is to be anything more than a mere phrase for India, Indian shipping can surely claim an equitable share in this sphere of overseas trade. The Committee are, therefore, of opinion that whether judged from the point of view of the interests of the pilgrims or of the development of national shipping the Government should, immediately, intervene in this matter not only in order to prevent an Indian shipping enterprise, which has gone into this traffic at the suggestion and demand of the Haj public, from being driven out but also in order to assist and encourage a national venture in overseas trade.

10. The Committee will be glad to learn what action the Government propose to take in this matter.

Copy of letter No. 15-M.1. (7)/37 dated the 17th September, 1938.

From the Government of India, Department of Commerce to the Chamber,

RE:—Rate-war in the trade.

I am directed to acknowledge the receipt of your letter No. 1789, dated the 6th September, 1938, on the above subject, and to say that the matter is under the consideration of Government.

Telegram dated the 5th December, 1938.

From the Chamber to the Government of India Education Health and Lands Department.

Committee Indian Chamber of Commerce regret to learn that agreement between shipping companies regarding maximum minimum rates for carriage of Haj pilgrims between India and Jeddah arrived at with the help and through good offices of Honourable Commerce Member in last October has been suddenly terminated by Mogul Line on ground that such agreement has not benefitted pilgrims and that it limits scope of competition stop such unilateral termination of an agreement arrived at after great personal efforts by Honourable Commerce Member and owing to keen interest taken by him in the question is unjustifiable and Committee understand this arrangement has been ended without reference to Government of India or consultation with the other shipping company which is party to the agreement stop Committee have to draw Governments earnest attention to drastic and ruinous ratecutting which has resulted from this termination in Calcutta where rates have been halved causing confusion hardships and inconvenience to pilgrims and involving severe loss to shipping companies stop in view of Governments solicitude for pilgrims and their past assurances to encourage participation of Indian shipping in overseas trade Committee trust Government will take immediate action to enforce the terms of agreement voluntarily arrived at between the two companies and see that both companies abide by this arrangement during current Haj season as such rate war is neither in the interests of shipping nor of pilgrims stop as Government themselves have welcomed participation of Indian shipping in this line Committee trust they will not permit its being squeezed out of this traffic through unfair competition and drastic ratecutting on part of British shipping interests.

INDUSTRY & LABOUR

DEDUCTION FROM WAGES FOR DAMAGE TO OR LOSS OF GOODS UNDER PAYMENT OF WAGES ACT.

Letter No. 00271 dated the 4th February, 1938.

From the Chamber to the Chief Inspector of Factories, Bengal.

I am directed to refer to Section 7 (2) sub-clause C of the Payment of Wages Act, 1936, re: deductions from wages for damage to or loss of goods. As you are aware damage is often done to an employer's goods particularly in the textile (cotton and jute) mills due to the negligence of the worker while the goods are in the course of manufacture. As certain doubts have been raised, I shall be glad to have your authoritative opinion as to whether the employer can make deductions from the wages of an employee for such damage to or loss of goods.

An early reply will oblige.

Copy of letter No. 109P. dated the 10th February, 1938.

From the Chief Inspector of Factories, Bengal to the Chamber.

With reference to your letter No. 00271 dated the 4th February, 1938 I have the honour to inform you that the words "expressly entrusted to custody" as used in sub-clause (c) of clause (2) of Section 7 of the Payment of Wages Act are designed to exclude mere handing over for manufacturing purposes (such as handing over a beam to a weaver or tools to a worker). If an article, therefore, is handed over to a worker for the purpose of carrying out work with or upon it, a deduction is not permissible for any damage or loss, only a fine in accordance with Section 8. If, however, the same article is made over to an employee, such as store-keeper, for custody only and is lost or damaged whilst in his custody, a deduction can be made in accordance with Section 10 and a fine imposed in accordance with Section 8.

PROPOSED COMMITTEE TO ENQUIRE INTO THE WORKING OF THE
VARIOUS TECHNICAL AND INDUSTRIAL INSTITUTIONS
OF THE PROVINCE.

Copy of letter No. 23880/G dated the 7th February, 1938.

From the Director of Industries, Bengal to the Chamber

It is the intention of the Government to set up a Committee to enquire into the working of the various technical and industrial institutions of the Province with a view to finding out what has been achieved in the past and in what way and manner the curriculum and courses of instruction to foster technical education should be overhauled.

I shall therefore be very glad if you will kindly let me have one or two names of gentlemen having experience in running of industrial factories combined with experience of industrial education with a view to enable me to include the same in my proposal which I intend to submit to Government at an early date for their approval.

Letter No. 00283 dated the 14th February, 1938.

From the Chamber to the Director of Industries, Bengal.

I am directed to acknowledge the receipt of your letter No. 23880-G dated the 7th February, 1938 in connection with the proposal of the Government to set up a Committee to enquire into the working of the various technical and industrial institutions of the province. I am directed to suggest the names of Messrs. D. P. Khaitan and A. L. Ojha whose names may be submitted to the Government for being included in the Committee as representing this Chamber.

THE CAWNPORE LABOUR ENQUIRY COMMITTEE.

Copy of letter No. LEC/29 dated the 19th May, 1938.

*From the Employers' Association of Northern India, Cawnpore
to the Chamber.*

With reference to your letter dated the 6th May, 1938, I have the pleasure in sending, under separate cover, three copies of this Association's views submitted to the United Provinces Government.

I regret the delay but this has been due, as you will have seen from the papers, to the general strike which has developed in Cawnpore. All textile mills are at present closed and efforts are being made to close one of the leather factories. So far the strike has been carried out quietly, but from some of the speeches delivered in recent meetings it appears that this state of affairs may not continue.

This Association would appreciate any support you can give to their view-point by publishing your Chamber's views on this subject.

Letter No. 01084 dated the 31st May, 1938.

From the Chamber to the Employers' Association of Northern India.

I am directed to acknowledge the receipt of your letter No. LEC/29 dated the 19th May, 1938 and to thank you for your kindly forwarding three copies of the memorandum submitted by your Association to the Government of the United Provinces embodying your views on the recommendations of the Cawnpore Labour Enquiry Committee.

The Committee of this Chamber also regard with serious concern the present labour situation in the country. They generally agree with the views expressed by your Association that the prevalent unrest is, in a large measure, due to causes which are not genuinely economic in their nature and is frequently aggravated by unnecessary interference from outsiders actuated by political or other motives. It need hardly be emphasised that such strikes not only discourage and hamper the growth of industrialisation in the country but would also in certain cases tend to encourage foreign competition to the detriment of indigenous industries and will make capital shy and scare away indigenous investors.

The cost of any measures of amelioration of the conditions of labour would have ultimately to be paid out of the earnings of the industry self so that while favouring all possible and legitimate measures for the improvement of labour conditions, the Committee feel that it is essential that such measures should be undertaken after an impartial examination of the economic condition of the country as well as of the particular industry concerned. It is also necessary to take a long-range view of the problems confronting an industry and hasty measures should not be devised on the basis of temporary con-

ditions. Moreover, without an All-India policy determining these issues, industries in some provinces and centres are likely to be handicapped or to be placed at a disadvantage. The diversion of some of the industries to Indian States is also a contingency that should not be overlooked.

The Committee entirely agree with your statement that adequate representation should be given to industrialists in all enquiries undertaken in connection with labour problems.

In connection with the present labour trouble in Cawnpore, the Committee feel that the Government of U. P. should convene at an early date a Joint Conference of the representatives of the Mill-Owners and the workers so that the present trouble may be overcome and industrial peace be restored.

BIHAR LABOUR ENQUIRY COMMITTEE.

Letter No. 01185 dated the 18th June, 1938.

*From the Chamber to the Government of Bihar Development
Department.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to address you in connection with the personnel of the Labour Enquiry Committee in Bihar.

The Committee of the Chamber are not sure whether Dr. Rajendra Prasad will be in a position to serve as its Chairman owing to his continued illness. In fact they understand from press reports that he has already expressed his unwillingness to do so. In such circumstances, the Committee of the Chamber consider that it is not inopportune for them to urge on the Government certain vital considerations which should guide the Government in constituting a Committee of this nature. The Committee believe that the Government would not disagree with the principle that the confidence of all the interests concerned is a factor which lies at the root of the success of the whole enquiry.

The Committee venture to submit that this fundamental principle has not been observed in the constitution of the Labour Enquiry Committee. There can be no doubt that the Enquiry Committee contains an element which not only holds predetermined strong views but has, as

a matter of fact, taken sides in industrial disputes and controversies. The presence of such an element greatly detracts from that feeling of confidence and the award of justice for which the Committee of the Chamber would most emphatically urge.

The experience of Cawnpore serves as a warning which must not be ignored specially when its repetition can be avoided by the taking of timely steps.

The Committee of the Chamber would, therefore, request the Government with all the emphasis at their command that the Labour Enquiry Committee should be reconstituted. The Committee suggest not the mere addition of a few employers but that the personnel should be made thoroughly impartial that the members should be such persons as have no sides to take, that the enquiry should be of a judicial nature and be held entirely by persons holding high judicial appointments. The Committee make this suggestion in view of the present atmosphere of unrest at Cawnpore and at other places. They feel that the findings of such an impartial Committee alone would win the confidence and respect of all concerned in the present circumstances.

The Committee of the Chamber trust that their suggestion will receive careful and favourable consideration at the hands of the Government. The Chamber is deeply interested in the industries of Bihar—specially coal, sugar iron and steel—as its members and the members of its affiliated institutions have large stakes therein. Its Committee feel that while labour conditions are progressively improved, there should be no dislocation in the peaceful and harmonious working of the industries on which not only the prosperity of the capitalists but the well-being of the workers themselves ultimately depends. It is in this constructive spirit that this representation has been addressed.

24TH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE 1938.

Copy of letter No. F.554 dated the 29th March, 1938.

*From the Federation of Indian Chambers of Commerce and Industry
to the Chamber.*

SUBJECT:—24th Session of the International Labour Conference, 1938.

I understand that Lala Shri Ram and Mr. Shantilal Mangaldas are being nominated by Government to represent Indian Employers as

Delegate and Adviser to the above Conference which meets in Geneva on 2nd June, 1938. The questions before the Conference are:—

- (1) Extension of the international application of the principle of the 40 hour week to branches of activity not covered by the Conventions so far adopted.
- (2) Regulation of the hours of work and rest periods of professional drivers of vehicles engaged in road transport.
- (3) Technical and Vocational education and apprenticeship.
- (4) Regulation of contracts of employment of indigenous workers.
- (5) Recruiting, placing and conditions of labour (equality of treatment) of migrant workers.
- (6) Statistics of hours of work and wages in the principal mining and manufacturing industries (including building and construction) and in agriculture.

I am desired by the Employers' Delegate, Lala Shri Ram to request you to forward to him at 20, Curzon Road, New Delhi, whatever views your Committee have to offer on the above subjects that will come for discussion at the Conference. I have further to suggest that a copy of your views should also be sent to Mr. Shantilal Mangaldas of the Rustom Jehangir Mills Co., Ltd. Ahmedabad. Your communication should kindly reach the Delegate and the Adviser not later than Monday, the 25th April, 1938.

DRAFT CONVENTION AND RECOMMENDATIONS CONCERNING SAFETY
PROVISIONS IN THE BUILDING INDUSTRY.

Copy of letter Nos. 7078-7263 Com. dated the 27th June, 1938.

*From the Government of Bengal, Department of Commerce and
Labour, to the Chamber.*

*Draft Convention and Recommendations concerning safety provisions
in the building industry adopted by the twenty-third session of the
International Labour Conference held in June 1937.*

I am directed to forward, for the information of your Chamber a copy of a letter from the Government of India, Department of Labour, No. L.-1846, dated the 4th/6th June, 1938, on the above

subject, together with copies of its enclosures and of the Draft Convention and Recommendations referred to therein. As pointed out in the Government of India's letter, the Draft Convention and the alternative Recommendation concerning safety provisions in the building industry and the recommendations concerning inspection in the building industry can be implemented only by legislation, but as regards the two recommendations concerning, respectively, co-operation in accident prevention and vocational education, the Provincial Government are competent to take suitable action to implement them. The main question for consideration now is whether the extent and character of the hazards involved call for any action, legislative or executive, and whether it is possible to eliminate or reduce risk in construction in the manner proposed in the Draft Convention and Recommendations. I am accordingly to request that your Chamber will be so good as to furnish Government with its views on the question generally and particularly on the following points:—

- (1) Extent and character of hazards involved in the building industry in Bengal and more particularly in Calcutta and other town areas;
- (2) Whether legislation is desirable and if so,—
 - (a) whether the legislation should be Provincial or Central, and
 - (b) whether the scope of the legislation should be limited to municipal areas only or whether it should apply to the Province as a whole; and,
- (3) How far it will be possible to eliminate or reduce risk in construction in the manner proposed.

A reply to this letter may be sent so as to reach this Department by the 1st August, 1938.

(ENCLOSURE TO THE ABOVE LETTER).

Letter No. L. 1846, dated Simla, the 4th/6th June, 1938.

From—M. S. A. Hydari, EEQ., C.I.E., I.C.S., Secretary to the Government of India, Department of Labour.

To—The Joint Secretary to the Government of Bengal, Department of Commerce and Labour.

Draft Convention and Recommendations concerning safety provisions in the building industry.

I am directed to refer to the Draft Convention (No. 62) "concerning safety provisions in the building industry," the alternative

Recommendation (No. 53) bearing the same title and the three ancillary Recommendations (Nos. 54-56) concerning respectively "inspection," "co-operation in accident prevention" and "vocational education" in respect of the building industry, which were adopted at the 23rd session of the International Labour Conference. The texts of these will be found at page 44 following of Bulletin No. 64 of Indian Industries and Labour containing the report of the Delegates of the Government of India, of which a copy has already been supplied to the Provincial Government. In pursuance of paragraph 5 of Article 405 of the Treaty of Versailles, resolutions were moved in the Council of State and in the Central Legislative Assembly on 2nd March and 25th March 1938, respectively. Copies of the debates and of the resolutions finally adopted in both Chambers are enclosed.

2. The two Recommendations concerning co-operation in accident prevention and vocational education are unsuitable for translation into legislation, and it is for Provincial Governments to consider whether any executive action can suitably be taken to implement them.

3. The Convention itself and the alternative Recommendation, together with the Recommendation concerning Inspection, can be implemented only by legislation. The crux of the problem is enforcement, which would be the responsibility of Provincial Governments. The Provincial Governments are thus in the best position to judge of the desirability of legislation in the light of the extent and character of the hazards involved, the possibilities of eliminating or reducing risk in construction in the manner proposed and the expense of the inspection that would be necessary for enforcement. The Central Government would appreciate an expression of the views of the Provincial Governments as to whether legislation should be undertaken and if so by the Centre or the Provinces.

4. I am directed to invite the special attention of Provincial Governments to the possibility of action within municipal areas, as suggested by Mr. M. Ananthasayanam Ayyangar in the Central Legislative Assembly (page 17 of Extract from Debates).

5. The reply of the Provincial Government may kindly be sent not later than the 1st November, 1938.

Letter No 01536 dated the 30th July, 1938.

From the Chamber to the Government of Bengal, Department of Commerce and Labour.

I am directed to invite reference to your letter No. 7078-7263/Com. dated the 27th June, 1938, re: the Draft Convention and Recommendations concerning Safety Provisions in the building industry adopted by the 23rd Session of the International Labour Conference held in June, 1937. The Committee note that the Draft Convention and the alternative Recommendation concerning safety provisions in the Building Industry and the recommendations concerning construction in the building industry can be implemented only by legislation but as regards the Recommendations concerning respectively, Co-operation in accident prevention and vocational education, the Provincial Governments are competent to take suitable action to implement them.

The Committee appreciate that regulations providing for Safety measures in the building industry where large building and buildings of more than one storey are concerned are desirable both on humanitarian and economic grounds. They would, however, like to point out that it would be difficult to frame regulations which would apply to individual conditions which must vary in the case of each building operation and would at the same time be neither too complicated for average Overseer to grasp, nor too vague to be of much practical use. In the opinion of the Committee any regulation would necessitate a large body of Inspectors to see that the regulations in force are being complied with. Without entering into the question of expenses, the Government will have to incur in maintaining these Inspectors, the Committee would observe that in the case of large buildings adequate inspection of safety provisions would require the whole time services of at least one Inspector. Moreover, the abuses resulting from a multiplication of the number of such officials would also demand some consideration. The Committee agree with the remarks made by Mr. A. G. Clow in the Assembly that it is a very unwise practice to pass laws that are not effectively enforced and that to attempt to enforce the whole code, the services of one Inspector at least would be required in every substantial building. The Committee are, therefore, of the opinion that the two Recommendations though beneficial to the workers would be difficult to be implemented in view of the condition prevailing in India.

The Committee would point out that the best way of minimising the possibility of accidents in the building constructions is to place

in charge of the works of any magnitude an experienced and properly qualified Engineer whose business amongst other things should be to see that reasonable precautions against accidents are observed. The Committee believe that a certain proportion of accidents are due to lack of adequate supervision of this kind.

The Committee would also suggest that some provisions should be made for imparting training in safety provisions to engineering students studying construction work. That a progressive reduction in the number and seriousness of building accidents can be expected with improvements in technical education to Engineers, Building Supervisors as also to workmen cannot be disputed.

The Committee trust that the views expressed above will receive your careful consideration.

AWARD OF STATE TECHNICAL SCHOLARSHIPS.

Copy of letter No. 337/341-B.I. dated the 12th July, 1938.

From the Director of Industries, Bengal & Secretary, Board of Industries Bengal to the Chamber.

I am directed to address you on this subject of revival, by the Government of Bengal, of the award of State Technical Scholarships to *bonafide* permanent residents of Bengal for training abroad in technical subjects.

2. The object for which these scholarships are generally given is that the scholarship-holders should, on their return home after training, assist in developing the industries of the Province. No scholarship, however, could be granted during the last 8 years on account of Government's financial stringency and in consequence frequent representations were and are being received by this Department for their revival. Government have now agreed to consider this matter and referred it to the Board of Industries for their examination and recommendation. The latter referred it to its sub-committee which at its last meeting decided to have in the first instance the opinions of the various Chambers of Commerce of the Province.

3. In placing the matter before the members of your Chamber I would request you to be so good as to impress upon them that

scholarships should be awarded for training, preferably in such industries as have a real and pressing need for technically trained men and as, with the assistance of such men, can be developed to the economic advantage of the Province. That is to say, the development of indigenous industries for which the province possesses natural and other advantages should be the foremost consideration in selecting the subjects for which the scholarships should be awarded.

4. For your information I am enclosing a statement shewing the subjects in which State Technical Scholarships were awarded in the previous years, the names and after-career of the recipients of the scholarships and a copy of the rules for the award of the scholarships.

5. The Board of Industries should be grateful if you could favour them with the considered views of your Chamber as early as possible, say, by the 25th July, 1938, as necessary provision of funds will have to be made immediately in the budget in case it is finally decided to revive the scholarships. I would also request you to be so good as to treat the matter with confidence until Government finally dispose of it.

Letter No. 01531 dated the 30th July, 1938.

*From the Chamber to the Director of Industries, Bengal & Secretary,
Board of Industries, Bengal.*

R5:—Award of Technical Scholarships.

I am directed to refer to your letter No. 337/341-B.-I. dated the 12th July, 1938 regarding the proposed revival of the award of State Technical Scholarship. The Committee are glad to note that the Government of Bengal have agreed to consider the question of the revival of these scholarships which were discontinued during the last eight years and they agree that the award of these Technical Scholarships should be revived. The Committee of the Chamber also agree that while awarding these scholarships preference should be given to such industries "as have the real and pressing need for technically trained men" and "for which the Province possesses natural and other advantages."

While the Committee also agree that the main object for which these scholarships are given should be "that these scholarship holders

should on their return home after training assist in developing the industries of the Province." They believe that it would be in the interests of these trained men themselves and ultimately also of the Province that these returned scholars should be free to accept employment in industrial concerns in other parts of the country if no suitable opportunities are available to them within the province.

I regret the delay in sending the reply to your communication.

25TH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Copy of letter No. F 1929 dated the 3rd November, 1938.

*From the Federation of Indian Chambers of Commerce and Industry,
to the Chamber.*

SUBJECT:—25th Session of the International Labour Conference.

I am directed to inform you that the next (Twentyfifth) Session of the International Labour Conference will be held during the second week of June 1939. The agenda of the Conference is not yet announced, but some of the questions coming up for second discussion are:—

- (1) Technical and Vocational education and apprenticeship.
- (2) Regulation of contracts of employment of indigenous workers.
- (3) Recruiting, placing and conditions of labour (equality of treatment) of migrant workers.
- (4) Regulation of hours of work and rest periods of professional drivers (and their assistants) of vehicles engaged in road transport.
- (5) Generalisation of the reduction of hours of work.

In accordance with the procedure which has been adopted in the past by the Federation Committee, Member-bodies are, in the first instance, requested to forward, for the consideration of the Committee, any particular name or names that they want to suggest for nomination as Employers' Delegate or his Adviser to attend the Labour Conference. The Committee of the All-India Organisation of Industrial Employers, in consultation with the Committee of the Federation and the Employers Federation of India, decide upon the final names to be recommended to Government for nomination of the Employers'

Delegation. The communique which is issued by the Government of India is expected to be published during the course of this month. I shall, therefore, thank you to forward to me your Committee's suggestions, if any, in this regard, to reach me not later than Monday, the 21st November, 1938.

Letter No. 02436 dated the 21st November, 1938.

From the Chamber to the Federation of Indian Chambers of Commerce and Industry

I am directed to invite reference to your letter dated the 3rd November, 1938 regarding the 25th Session of the International Labour Conference to be held at Geneva in June, 1939. The Committee have considered the subjects to be discussed at the Conference, They suggest the names of Mr. A. R. Dalal, President of this Chamber (Messrs. Tata & Sons Ltd., Bombay House, Bruce Street Fort, Bombay) as Employers' Delegate and of Mr. D. G. Mulherker, (Secretary, Federation of Indian Chambers of Commerce and Industry, 28 Ferozeshah Road, New Delhi) as Adviser to the Employers' Delegate at the Conference.

I have to confirm having sent you the following telegram to-day in this connection.

"Reference International Labour Conference 1939 Committee suggest names of A. R. Dalal as Delegate and Mulherker as Adviser."

POSTS & TELEGRAPHS

TELEPHONE INSTALLATION IN RANIGUNGE AREA.

Letter No. 00469 dated the 2nd March, 1938.

From the Chamber to the Director General of Posts and Telegraphs.

I have to invite reference to the correspondence resting with my letter dated the 27th October, 1937, on the subject of extension of telephone facilities in the RaneeGUNJ Coal Field area. The Committee regret to note that no action seems yet to have been taken by the Department to extend telephone facilities to this area.

The Committee understand that several new projects are proposed to be undertaken by the Posts and Telegraphs Department in the next Financial Year. The Committee also followed with interest the Budget Speech of the Finance Member a few days back when he said that, to enable such projects to be undertaken with the minimum of delay it was proposed to create a special telephone fund the balance of which would not lapse at the end of the year and a capital grant of Rs. 2½ crores to the fund, to cover expenditure for the next five years would be provided for, out of which it was expected to spend Rs. 40 lakhs in 1938-39.

The Committee need hardly reiterate that the absence of telephone facilities in the RaneeGUNJ coal field area has been keenly felt by the trade for a long time and it would be in the interests of the Department to install telephones in that area as soon as possible. The Collieries in the RaneeGUNJ area are put to a great inconvenience owing to the want of this facility which is long delayed and the Committee, therefore, strongly urge, that arrangements for the extension of telephones to the area will be immediately made.

I shall be glad if you will kindly give a careful and early attention to the matter.

Copy of letter No. P. 162/36 dated the 9th April, 1938.

*From the Deputy Director-General of Posts and Telegraphs
to the Chamber.*

SUBJECT.—Telephone Systems in the Ranigunj Coal Fields Area.

With reference to the correspondence ending with your letter No. 46 dated the 2nd March, 1938, I am directed to inform you that the question of establishing telephone systems in the coal field area is still under consideration and that a further reply will be sent you when a decision has been finally reached

Letter No. 00892 dated the 25th April, 1938.

From the Chamber to the Director-General of Posts and Telegraphs.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite reference to your letter No. P. 162/36

dated the 9th April, 1938, regarding extension of telephone facilities to the Raneegunge Coal Fields area. The Committee regret to note that the question of establishing telephone systems in that area is still under consideration of the postal department. The Committee would point out that as early as April, 1936, they had drawn the attention of your Department to the difficulties experienced by the coal industry in the Raneegunge area owing to the absence of telephone facilities. The collieries in most of the cases are situated far away from the head offices and a direct means of communication like the telephone is very much needed. The Committee had also pointed out that such facilities already existed in the Jharia and Asansol Coal Fields areas and if the telephone systems were extended to the Raneegunge area, there would not be any additional burden on the finances of the Department as the scheme would pay itself on account of the large demand for telephone installations from the collieries in this area.

The Committee were informed in reply that the question of opening a departmental telephone exchange at Bakula in the Raneegunge Coal Fields area was under consideration and there was a likelihood of the work being taken up during the last financial year. In reply to a further communication the Committee were informed after some time that owing to a heavy rise in the price of materials, the cost of the work in question was found to be high and the entire scheme was being re-examined with a view to see whether or not it would be remunerative. This question must have been gone into long before. The Committee believe that since the Government have not suspended their other schemes there is no reason why there should be any difficulty in this case. It may not be out of place to add that the price of such materials as are useful has come down since the question was last examined. In fact, your department also assured the Committee in September, 1937, that arrangements were being made to open a telephone system at Raneegunge with a trunk connection to the Asansol Exchange early in 1938-39. The Committee are therefore, now surprised to note that the question of establishing telephone systems in the Raneegunge Coal Fields area, is according to your letter under reply, still under consideration.

The Committee would like to mention that they have been following with keen interest the various schemes proposed from time to time by your department for the extension of the facilities of trunk telephone lines. It was announced in April last year that a proposal to spend Rs. 80 lacs to provide additional channels on long distance routes and

also to extend telephone service to the smaller towns, particularly commercial centres, had been sanctioned. The Hon'ble Sir James Grigg also in course of his Budget Speech this year mentioned that to enable new projects to be undertaken by the Posts and Telegraphs Department with the minimum of delay, it was proposed to create a special telephone fund, the balance of which would not lapse at the end of the year and that a capital grant of Rs. 2½ crores to the fund would be provided for, out of which it was expected to spend Rs. 40 lacs in 1938-39. The Committee regret to find that notwithstanding all these schemes the postal department has still not been able to undertake work in connection with extension of telephones to the Raneeunge Coal Fields Area.

The Committee need hardly emphasise that collieries in this area are put to considerable handicap owing to the absence of telephone facilities and that in the interest of the coal industry they would urge that steps be immediately taken to see that the telephone systems are extended to the Raneeunge Coal Fields Area.

The Committee trust that the matter will receive your careful and early attention.

Copy of letter No. P-162/36 dated the 16th May, 1938

*From the Deputy Director General of Posts and Telegraphs
to the Chamber.*

SUBJECT.—Extension of telephone facilities to the Ranigunge Coal Fields area.

I am directed to acknowledge the receipt of your letter No. 00892 dated the 25th April 1938 on the subject mentioned above and to inform you that your remarks have been noted

HOLDING OF CASH CERTIFICATES BY BANKS AND OTHERS IN EXCESS
OF RS. 10,000

Copy of letter No. 00495 dated the 7th March, 1938.

From the Chamber to the Government of India, Finance Dept.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite reference to the Government of India, Finance Department, Notification No. FX(XV)F/30 dated the 1st

September, 1932, publishing the conditions on which the Post Office Cash Certificates are offered for sale to the public. The Committee feel that the terms mentioned in the Notification require certain modifications in order to enable the public to take greater advantage of the system of Cash Certificates. They would, therefore, suggest that the following alterations should be made in the conditions.

The Committee would like to observe at the outset that the Post Office Cash Certificates are not negotiable instruments at present. These certificates cannot be lodged as security with a bank and an ordinary investor finds it difficult to raise money against them even if he requires it for a short time. Committee are therefore, of the opinion that the post office cash certificates should be made negotiable instruments.

Another point to which the Committee would like to draw the attention is about transfer of the cash certificates. The Committee have to point out that if a Bank is to get a cash certificate transferred to its name for advances made, a mere endorsement at the back of the cash certificate together with a letter of authority cannot legally be considered to be sufficient security, inasmuch as a borrower may rescind such restrictions and the Bank will have no remedy whatsoever against it. Even in the case of the death of the borrower, the Bank's right to the amount of the Cash Certificates will not be recognised by the Post Office. The Committee think that suitable rules should be framed to safeguard the interest of banks and similar institutions advancing money on the security of Cash Certificates.

The Committee have further to observe that according to clause 9 of the Notification, the total amount of Cash Certificate which may be held by one person whether in the capacity of a sole holder or of a joint holder or of both including the face value of the cash certificates furnished by the holder as security or purchased out of the money furnished by him as security is limited to Rs. 10,000/- The Committee feel that this limit is small. If the Banks are to advance against such certificates and get them transferred in their own name, they find that the limit is too low. The Committee would suggest that this limit should, therefore, be substantially increased.

The Committee trust that the suggestions made above should receive careful attention of the Government.

Copy of letter No. D/2473-P.T./38 dated the 8th July, 1938.

From the Government of India, Finance Dept., to the Chamber.

With reference to your letter No. (illegible) dated the 7th March, 1938, I am directed to state that Post Office Cash Certificates are meant primarily for small investors. In view of the special privileges such as the income-tax free concession attached to these certificates, the rules have been so designed as to keep the certificates in the hands of the class for whom they are meant and prevent them being bought up by capitalists, banks and speculators for whom there are the ordinary Government securities. The points raised in your letter have been very carefully considered by the Government of India on more than one occasion, and they have come to the conclusion that it is not desirable to make the changes suggested by you.

DIFFICULTIES ABOUT MAILED DESPATCHED BY AIR TO MAURITIUS

Letter No. 537 dated the 11th March, 1938.

From the Chamber to the Presidency Post Master, Calcutta.

The attention of the Committee of the Indian Chamber of Commerce has been drawn by certain members having business connections with Mauritius to the serious difficulties arising as a result of the introduction of the All Up Empire Air Mail Scheme. As you must be aware large quantities of Indian commodities are shipped to Mauritius and the shipping documents have to be sent to the Importers there in order to enable them to clear the goods. Though there was no regular mail service between Calcutta and Mauritius, the arrangement hitherto was that after the Steamer had left the Calcutta Port with the cargo for Mauritius, Calcutta merchants used to get two or three clear days in which they could obtain the shipping documents which were then despatched by overland route to Colombo and picked up by the steamer which was to go direct to Mauritius. The shipping documents thus reached Mauritius on the same day as the consignments and importers there could take immediate delivery of the goods.

With the introduction of the Empire Air Mail Scheme, however, letters for Mauritius are taken by Air via Karachi, Alexandria, Cairo, Luxor, Khartoum and Port Bell to Mombasa and despatched from there to Mauritius by steamer as there is no air service between Mombasa and Mauritius. The Committee further understand that

there is no regular steamer service between Mombasa and Mauritius and there are sailings only once or twice a month, with the result that mails from Calcutta to Mauritius may easily take about a month to reach their destination. The Committee need hardly emphasize that this delay in the mails including shipping documents reaching Mauritius would completely disorganise the export trade of India with that country in as much as importers in Mauritius will not get shipping documents in time and will not be able to take delivery of the consignments.

The Committee, therefore, strongly urge that in view of the above complaints, letters and documents for Mauritius should be sent by sea-borne mail as before the introduction of the All Up Air Mail Scheme. As the matter is of considerable importance and affects a large volume of trade, which will otherwise be disorganised. The Committee trust that you will give the matter your immediate attention and do the needful. The Committee shall be glad to hear from you in reply at your earliest convenience.

Telegram dated the 19th March, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

Reference my letter eleventh to Presidency Postmaster Calcutta copy to you regarding Mails to Mauritius Committee request immediate action stop steamer with large Cargo Sailing March end stop if shipping documents delayed as already explained merchants would suffer great hardship kindly restore previous arrangement of sending mails by surface route.

Copy of telegram dated the 21st March, 1938.

From the Director-General of Posts and Telegraphs to the Chamber.

=FM—77/38 Air your telegram nineteenth letters postcards for Mauritius sent via Durban. Shipping documents come under business papers and may be sent by surface qu route see Clauses 174 and 179 P and T guide and postal notice dated 1st February—DG—ND—.

Letter No. 691 dated the 28th March, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

Re:—Mails to Mauritius.

I am directed to refer to your telegram of 21st March, 1938, in reply to my telegram of the 19th on the above subject. The Committee note that letters and post cards for Mauritius are sent via Durban and not via Mombasa and that Shipping documents which come under business papers may be sent by surface route.

The Committee, however, understand that the position with regard to the steamer service between Durban and Mauritius is similar as between Mombasa and Mauritius and hence so far as letters and post cards sent by Air Mail are concerned it does not improve the situation whether these were sent via Mombasa or via Durban. Moreover, the Committee note that though Shipping documents, etc may be sent by the surface route as before the difficulty with regard to business letters and correspondence as mentioned in my letter of the 11th March, 1938, addressed to the Presidency Post Master, Calcutta (a copy of which was forwarded to you) remains unsolved. As you will realise, apart from shipping documents, and other "business papers" relating to a particular consignment merchants have also to send explanatory letters to the consignees in connection with the consignments despatched to them, and these letters are also as essential for the merchants as the shipping and other documents for the sake of carrying on business in respect of that particular consignment. These letters, however, when sent by Air Mail, as per the scheme now inaugurated, are liable to reach Mauritius later than the particular consignment as explained in my previous letter and hence the difficulty remains unsolved. It is essential that business letters should also reach the importers in Mauritius at the same time as, and not later than the consignment to which they relate, which may not be possible if they are sent by Air as proposed.

The Committee, therefore, re-iterate their request that the arrangements for mails to Mauritius be kept, as a special case, unchanged and all mails be sent as before by surface route. They hope that you will reconsider the whole matter in the light of the above remarks and do the needful.

Thanking you.

Telegram dated the 30th March, 1938.

From the Chamber to the Director General Posts & Telegraphs.

Reference my letter twentyeighth committee understand steamer loading for Mauritius first April please issue immediate instructions for mails being sent by this steamer.

Copy of letter No. F.M.-77/38 (Air) dated the 31st March, 1938.

From the Indian Posts and Telegraphs Department to the Bengal Chamber of Commerce, Calcutta.

With reference to your letter No. 985-1938 dated the 26th March 1938, I am directed to inform you that the correct route for first class mail from India to Mauritius is *via* Durban and not *via* Mombasa. The transit time by air between Calcutta and Durban is about eight days and the transit time between Durban and Mauritius by steamer is seven days. Between Durban and Mauritius there is one regular monthly steamer service and four irregular services, all of which carry mails. It will be noticed therefore that the present routing is likely to secure the object which the Chamber has in view namely, the receipt of the relevant communications in Mauritius by the time of the arrival of the goods sent from Calcutta.

2. First class mail cannot be sent to any participating country by surface route. Second class mail matter including shipping documents can be sent by surface route. In this connection I attach for your information copy of a telegram dated the 21st March 1938 sent to the Indian Chamber of Commerce, Calcutta.

Letter No. 707 dated the 30th March, 1938.

From the Chamber to the Director-General of Posts and Telegraphs.

RE:—Mails to Mauritius.

In continuation of my letter No. 00691 dated the 28th March 1938 I am directed to bring to your notice another important point relating to the above subject. As you may be aware, the postal correspondence between Mauritius and India is mostly business correspondence and relates to the trade passing between the two

countries. The Committee are given to understand that there are only four sailings per year from Calcutta to Mauritius and about half dozen sailings per year from Rangoon. It is only at the time of these sailings and in connection with the consignments brought by these steamers that there is a large volume of correspondence between India and Mauritius. Apart from these occasions, there is very little correspondence as pointed out above between the two countries and hence the Committee trust that in order to suit the convenience of the exporters, the Government of India should treat the case of Mauritius as a special one and retain the previous arrangements of sending mails by surface route to that country.

Letter No 801 dated the 11th April, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

SUBJECT:—Mails to Mauritius.

I am directed to acknowledge the receipt of your letter No. FM-77/38 (Air) dated the 8th April, 1938. Subsequent to my letter of the 28th March, 1938, I wrote to you another letter No. 707 dated the 30th March, 1938, elucidating the position further with regard to mails to Mauritius. The Committee note that Airmails to Mauritius can go via Durban and that between Durban and Mauritius there is one regular and four irregular monthly steamer services all of which carry mails. It however, appears that the position is not even then as satisfactory as desired. For, whereas cargo steamer from Calcutta would ordinarily take about 15 to 16 days to reach Mauritius, business letters pertaining to these consignments, when sent by air may take more than that period, in as much as stated by you, it takes about 8 days for mails from Calcutta to reach Durban by air and in the absence of frequent regular steamer services the transit of mails from Durban to Mauritius may easily take more than that period. In any case, there can be no guarantee of getting immediate connection in Durban in the case of irregular steamer services. As explained in this office letter No. 707 of 30th March, 1938, most part of the mails between Mauritius and Calcutta consist of business correspondence and as such the Committee trust that there will be no difficulty in revising your decision of sending all first class mails to Mauritius by Air and reverting to the *status quo*, particularly when those most interested in the matter desire it.

An early reply is solicited.

Copy of letter No. F.M.-77/38 dated the 4th May, 1938.

*From the Asstt. Deputy Director General of Posts and Telegraphs
New Delhi to the Chamber.*

SUBJECT:—Mails to Mauritius.

I am directed to acknowledge the receipt of your letter No. 801, dated the 11th April, 1938, and to say that as already intimated to you in this office letter No. FM-77/38 (Air), dated the 26th April, 1938, the whole matter is under consideration

Copy of letter No. F.M.-77/38 (Air) dated the 11th June, 1938.

*From the Asstt. Deputy Director General of Posts and Telegraphs,
to the Chamber.*

SUBJECT:—Mails to Mauritius.

With reference to your letter No. 01096 dated the 2nd June 1938, I am directed to say that the Director General has decided as a very special case to allow the despatch of letters for Mauritius, superscribed (Per S.S.-via Colombo) only, by the steamer named. No other letters and postcards will, however, be sent by surface route but they must be sent by air. A further communication in the matter, furnishing details will be sent to you in due course.

Copy of letter No. F.M.-77/38 (Air) dated the 20th June, 1938.

From the Indian Posts and Telegraphs Department, to the Chamber.

SUBJECT:—Mails for Mauritius.

Referring to this office letter No. F.M. 77/38 (Air), dated 4th May, 1938, I am directed to say that the Director General has carefully gone into the question of sending Mails to Mauritius. Formerly, all mails for Mauritius were sent to Mombasa via Bombay by the regular fortnightly steamers of the British India Steam Navigation Co. under contract with the Government of India, for the carriage of mails to Africa. Mails were then conveyed from Mombasa to Mauritius by French Steamers, and this was the normal means of

transport of mails to Mauritius. On occasions, however, in order to meet the convenience of shippers in this country, mails were also despatched from Calcutta to Colombo by train whence they were re-forwarded by the irregular *non-contract* B.I.S.N. vessels to Mauritius. The latter service cannot therefore be called the normal means of transport for mails prior to the introduction of the Empire Air Mail Scheme. The normal route for mails was *via* Bombay and Mombasa.

2. Under the Empire Air Mail Scheme all first class mails for Mauritius must be forwarded by air to Durban and thence by steamers to Mauritius without any air surcharge, in preference to the route *via* Bombay, as this service is more expeditious than the normal means of transport, and as already pointed out shipping documents, etc., can go as business Papers by surface route.

3 In order, however, to afford facilities to the utmost extent possible, the Director-General is prepared, as a very special case, to allow superscribed mails for Mauritius to travel by the steamers named on them. The superscription should be "per S S. *via* Colombo" and such mails will be sent *via* Colombo so as to catch the specified steamer so far as practicable. I am to add that except for the superscribed articles, no mails will be sent by these steamers and there will be no change in the existing rates of postage. A copy of the Postal Notice on the subject is enclosed.

Letter No. 01229 dated the 23rd June, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

SUBJECT:—Mails for Mauritius.

I am directed to acknowledge the receipt of your letter No. FM-77/38 (Air) dated the 20th June 1938, on the above subject. The Committee are thankful to you for having kindly agreed to allow superscribed mails for Mauritius to travel by the steamer named on them instead of being sent by the usual "All Up" air route. They presume that both first and second class mails which are superscribed will be allowed to be so carried.

Thanking you again,

INDO-BURMA POSTAL AND TELEGRAPHIC RATES.

*Letter No. 860 dated the 20th April, 1938.**From the Chamber to the Government of India, Department of Communications.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the correspondence resting with my letter of the 9th September, 1937, regarding enhancement of the postal rates between India and Burma and to the Notice dated the 31st March, 1938, issued by the Indian Posts and Telegraphs Department on the subject. It is announced in the Postal Notice that the rate of postage for postcards between India and Burma has been reduced from two annas to one anna while that for letters has been changed from As. $2\frac{1}{2}$ for letters not exceeding one ounce to $1\frac{1}{2}$ annas for those not exceeding one tola. While appreciating these reductions, the Committee have to point out that they do not offer adequate relief. The rate of postage for postcards between India and Burma before the separation of Burma was nine pies only and the public in India have been urging for a resumption of that original rate since April last year, when the rates were enhanced. As the Committee pointed out in their letter dated the 2nd April, 1937, the importance of the matter of maintaining unimpaired the economic *status quo* between India and Burma has been recognised not only by the Governments of India and Burma but also by the British Government. What the public in India, therefore, had been expecting was the reintroduction of the original rate and they are disappointed to see that the revised rates are still higher than the original rates. Moreover, as the Hon'ble Sir Thomas Stewart admitted in the Assembly last year, there has been a decrease in the number of post cards, passing between India and Burma. The Committee need hardly point out that the poorer section of the people generally use the post card as a means of communication and they have been hard hit by the enhanced rates.

The Committee would also draw attention to the fact that no reduction has been made in the telegraphic rates between the two countries. Higher telegraphic rates are prejudicial to the commercial interests of India as well as Burma and the Committee would urge that the same should be restored to the original level existing before the separation of Burma. The Committee do not feel that such a step would place any burden on the finance of the Department as these rates did operate for a number of years, before the new rates came into force.

The Committee would further point out that the change in the rate for letters from $2\frac{1}{2}$ annas for one ounce to $1\frac{1}{2}$ annas for one tola, instead of being a reduction, is on the contrary an increase in the rate of postage of heavy letters. For a letter weighing one ounce, $2\frac{1}{2}$ annas had to be paid till now, while the same letter now would be charged $3\frac{1}{2}$ annas. The Committee fail to appreciate how such a change, in the rates for letters which in the case of heavy letter proves to be an actual increase, can be termed a reduction.

The Committee would therefore, urge the Government of India to take immediate steps to see that further reductions are made in the postal and telegraphic rates between India and Burma so that the original rates between the two countries are restored.

The Committee would be glad to know what action the Government propose to take in this connection.

Copy of letter No. F.M.-3|38-coll II dated the 13th May, 1938

From the Government of India, Department of Communications (Posts and Telegraphs), to the Chamber.

I am directed to refer to your letter No. 00860 dated the 20th, April, 1938, in which you urge a further reduction in the postage and telegraph rates for traffic between India and Burma.

2. The matter received the most careful consideration of the Government of India and the reductions in the postage rates announced on the 31st March, last were the result of prolonged discussion between the Governments of India and Burma. It is not possible to apply the inland rates of postage to correspondence to a separate administration so long as that administration is not prepared to apply those rates to correspondence from their country.

3. The reductions are, however, very substantial in the case of postcards as well as in the case of letters for the first unit of weight. It is true that the adoption of the tola unit has resulted in an increase in the postage charge on letters weighing over four tolas but as over 75 per cent of letters posted are within the first category of weight the benefit secured by the reduction has been very substantial to a large number of correspondents. I am to point out that the tola unit is the unit adopted for the inland letters and is therefore convenient to the

public in India. Substantial reductions have also been made for book-packets and for registered newspapers.

As regards telegraph charges, these are made up of the shares claimed by each of the telegraph administrations of India and Burma. The Government of India recognise that if some reduction could be made in the charges both ways it would be to the public advantage but they are not prepared to make a reduction in these charges so long as the Government of Burma are not in a position to do the same.

RATES FOR REGISTRATION OF ABBREVIATED TELEGRAPHIC ADDRESSES.

Letter No. 00473 dated the 3rd March, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

RE :—Rates for Registration of Abbreviated Telegraphic Address :

I write to refer to your letter No. T-393|36 dated the 19th February, 1937, on the above subject in which you had mentioned that the rate for registration of abbreviated telegraphic address in this country was in no way excessive as compared to the other countries. I shall be glad if you will kindly let me have a statement showing the rates for registration of abbreviated telegraphic addresses in force in other countries of the world.

Thanking you,

Copy of letter No. T-114|38, dated the 6th April, 1938.

*From the Deputy Director General of Posts and Telegraphs,
to the Chamber*

SUBJECT :—Rates for Registration of abbreviated telegraphic addresses in principal countries of the World.

With reference to the correspondence ending with your letter No. 00558 dated the 14th March, 1938, I am directed to forward herewith a statement showing the rates for registration of abbreviated telegraphic addresses in force in the principal countries of the world.

(Enclosure to the above letter)

RATES FOR REGISTRATION OF ABBREVIATED TELEGRAPHIC ADDRESSES PER ANNUM.

NAME OF COUNTRY	RATE.	RATE IN INDIAN CURRENCY.		
		Rs.	As.	P.
Germany	30 RM. ..	..	21 10	0
Austria	50 Sch. ..	..	20 0	0
France	200 Fr. (French) ..	..	19 3	0
Great Britain	£.2 ..	..	26 11	0
Ireland	£.2 ..	..	26 11	0
Italy	180 Lires ..	..	20 11	0
Poland	50 Zlotys ..	..	20 0	0
Rumania	2000 Lei ..	..	41 2	0
Tchecoslovakia	240 Kc. ..	..	18 9	0
Union of South Africa	£. 1-1s. ..	..	18 14	0
Belgian Congo.	250 Fr. (Congo) ..	..	18 11	0
French Indo China	16 Piastres ..	..	23 1	0
Japan	12 Yen ..	..	21 10	0
India ..	.. ..	..	20 0	0

Rs. 5 more for special delivery instructions.

RATES FOR TELEGRAMS TO U. S. A.

Letter No. 01963 dated the 17th September, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

The attention of the Committee of this Chamber has been drawn to the fact that the minimum charge for a cable from India to the First American Zone is Rs. 5-2-6 while the minimum charge for a similar cable from that Zone to India is \$1.55 i.e., Rs. 4-3-0 only. The difference is thus nearly one rupee per each cable of three words. The Committee shall be glad if you will kindly enlighten them as to the reason for this disparity between the rates to and from the same place, as they understand that telegraph rates are fixed in consultation with all administrations concerned.

MESSANGER SERVICE MAINTAINED BY CERTAIN FIRMS FOR THE
CONVEYANCE OF LETTERS AND BUSINESS DOCUMENTS.

Copy of letter No. C-1605/B. dated the 8th August, 1938.

*From the Postmaster-General, Bengal and Assam Circle,
to the Chamber.*

I have the honour to enclose a copy of letter No. II-632/32/TL/CoII.9 dated the 20th July, 1938 from the Director-General of Posts and Telegraphs to the address of the Secretary of Bengal Chamber of Commerce, Calcutta, I request that, should you maintain a 'messenger service' for the conveyance of letters and business documents from your Calcutta Office to your industrial establishments outside Calcutta and back you will kindly discontinue such service with effect from the 1st September, 1938.

An acknowledgement of the receipt of this letter is requested.

(ENCLOSURE TO THE ABOVE LETTER)

*Copy of a communication No. IM-632/32/TL/CoII.9 dated the
20th July, 1938.*

*From the Director-General of Posts and Telegraphs, New Delhi to the
Secretary, Bengal Chamber of Commerce, Calcutta.*

SUBJECT:—Despatch of mails in contravention of sections 4 and 5 of
the Indian Post Office Act.

I have the honour to refer to your letter No. 2778, dated the 6th September, 1937, addressed to the Postmaster-General, Bengal and Assam Circle on the subject of the despatch of mails in contravention of Sections 4 and 5 of the Indian Post Office Act (VI of 1898). This letter has been referred to me and has received most careful consideration in consultation with the Law Officers of the Crown. I have now to explain for the information of the Chamber that under the Indian Post Office Act the exclusive right to convey letters from one place to another is vested in the Governor General in Council. Any agency which conveys such letters, therefore, *prima facie* infringes the monopoly of Government and the question as to whether any acts of such agency fall within any of the exceptions provided for in the Sections of the Act cited above it is for that agency to establish.

2. In order to ascertain whether any letter comes within an exception, the contents of that letter would have to be examined and each case has thus to be determined on its own merits. Any such examination if insisted on by the Government will mean a certain amount of surveillance which may interfere with the smooth running of business, delay the delivery of letters and thus defeat the object with which a letter is sent by special messengers. I would like to draw attention to the fact that under the proviso to Section (4) of the Indian Post Office Act, a collection of letters, even though the individual letters may fall within any of the exceptions would constitute an infringement of the Government's monopoly.

3. In the circumstances I have the honour to suggest that the firms on whose behalf the Chamber had addressed the Postmaster-General, Bengal and Assam Circle, may kindly be advised to discontinue the practice followed by them, as the continuance thereof will naturally invite Government's interference. I may add that Government will ordinarily be reluctant to intervene if the conveyance of letters by special messengers is confined to specific and exceptional occasions and is not made a matter of general and regular practice practically involving the establishment of a regular parallel postal service, though confined to the correspondence of particular individuals or firms.

BEARING TELEPHONE CALLS.

Copy of letter D. O. No. F.9/7/38-Pub. dated the 17th August, 1938.

*From the Principal Information Officer, Government of India,
to the Chamber.*

I recently suggested to the Posts and Telegraphs Department that newspapers might find it a convenience if their correspondents were allowed to make "bearing" telephone calls in much the same way as correspondents now send "bearing" telegrams.

The suggestion is that a newspaper or business concern might authorise a particular person to make calls to them from a specified private telephone or from any public call office.

The Posts and Telegraphs Department would allow the holder of the authority to make trunk calls to the named newspaper or business concern, and the bill for such calls would be sent in due course to the newspaper or business concern receiving the calls.

The Posts and Telegraphs Department would require the receiver of the calls to deposit a certain sum as in the case of bearing press messages, upto the value of the calls expected to be made within a specified period, say, one month. The party receiving the calls would pay the amount in the same way as they would pay ordinary trunk calls bills, plus a small fee for keeping accounts.

The Posts and Telegraphs Department are ready to consider the possibilities of this if a sufficient number of newspapers and/or business concerns consider that the proposal is of interest to them.

The system is already in use in Europe, and has been found of great convenience, especially by newspapers as it diminishes the amount which it is necessary to disburse in advance to correspondents for their expenses. Business houses have also found it useful.

I should be glad to have your opinion on this matter. There is no objection to your using the information in this letter if you so desire, as a news item.

Letter No. 01729 dated the 1st September, 1938.

From the Chamber to the Principal Information Officer, Government of India.

RE:—"Bearing" Telephone Calls.

I am directed to refer to your D.O.No. F.9/7/38-Pub. dated the 17th August, 1938 on the above subject. The Committee see no objection to the proposal made by you regarding correspondents of newspapers and business interests being allowed to make "bearing" telephone calls. The Committee think that this additional facility will be appreciated and taken advantage of by the interests concerned.

DELIVERY OF MAILS FROM CALCUTTA GENERAL POST OFFICE.

Copy of letter No. T.7-19/207 dated the 2nd September, 1938.

From the Presidency Postmaster, Calcutta to the Chamber.

Consequent on the later arrival of the Down Punjab Mail train the 2nd Delivery of unregistered articles through postmen from the Calcutta General Post Office scheduled at 10 A.M., seldom goes out

to time and it has been observed that there is general resentment for the late issue of the most important delivery.

I am directed by the Postmaster General, Bengal and Assam Circle, Calcutta to request you to kindly favour me with your opinion in respect of the suggestions put forward to you in the following lines:—

1. There are at present 4 deliveries through postmen of un-registered articles in Calcutta General Post Office, and the various mails that are sent out by each of these deliveries may be found in the accompanying statement which shows the present hours of deliveries as well as the proposed hours of deliveries which are suggested to remedy the late issue of the 2nd delivery from the Calcutta General Post Office. These alterations however do not affect the Post-Box holders in the Calcutta General Post Office. Unregistered articles for them will continue to be sorted into the boxes as soon as the mails are cut open on their receipt in the General Post Office and the sorting is completed as at present. From the statement it will be observed that under the present arrangement mails arriving by the first 4 trains are scheduled to be sent out by the 1st delivery at 7 A.M., and those by the trains mentioned in items 5 to 10 by the 2nd delivery at 10 A.M. It is not unusual that the mails arriving by the Down Dacca mail do not connect with the scheduled delivery at 7 A.M., and are held over till the next delivery at 10 A.M., which seldom goes out to time and as a matter of fact this delivery could not be sent on very many occasions before 11-30 A.M., for the inclusion of the mails arriving by the Down Punjab Mail train. This delay in the arrival of the train throws out our delivery arrangement considerably as every day it has to be decided whether to hold up the 10 A.M., delivery from the Calcutta G.P.O. so as to include the Punjab Mail articles or to send them out by the next delivery at 1 P.M.

By the new arrangement the mails by the trains shown in item 1 to 7 will invariably be sent out by the 1st delivery to be scheduled at 9 A.M. unless a particular train is much behind her time and the mails arriving by the trains shown in items 8 to 10 will be issued by the 2nd delivery to be scheduled at 11-30 A.M. This it is presumed will regularise the issue of the first two deliveries from the Calcutta G.P.O. and the present inconveniences removed.

2. The Calcutta G.P.O. serves mostly business houses and it is believed that the 7 A.M., delivery if set back to 9 A.M., will not be

objected to. On the contrary it will be a boon to the recipients as they will always have almost all the morning mails arriving by 7-40 A.M., (Calcutta time) in Calcutta by 10 A.M., in their offices through postmen and these mails will be available to the messengers of the firms from their respective post-boxes by 9 A.M

An early reply is requested.

Letter No. 01973 dated the 17th September, 1938.

From the Chamber to the Presidency Post Master, Calcutta.

I am directed to invite reference to your letter No. T.7-19/207 dated 2nd September, 1938. You have stated in your letter that owing to the late arrival of the Down Punjab Mail train, the arrangement of the deliveries of unregistered articles through postmen from the General Post Office is often disturbed and every day it is to be decided whether to hold up the 10 A.M., delivery so as to include the Punjab Mail articles or to send them out by the next delivery at 1 P.M. The Committee have considered your proposal about altering the timings of the first two deliveries, from 7 and 10 A.M., to 9 and 11-30 A.M., respectively so as to include the Punjab Mail, Madras Mail and the Loop Mail in the 11-30 A.M., delivery and all other early morning mails in the 9 A.M., delivery.

The Committee, however, understand that the Down Punjab Mail does not now arrive so late every day as is made out in your letter. During the whole month of August the Committee understand that the Down Punjab Mail arrived late on six days only. Out of these on four days it was late by less than fifteen minutes and on one day only in the month it arrived late by about 52 minutes. In the current month also, up to the 8th the train has been late on 2 days only i.e., on the 3rd and the 4th when she was late by 5 minutes and 19 minutes respectively, while on the 2nd and the 8th September she arrived about 6 minutes earlier. The Committee do not believe that a delay of about 15 minutes will disturb the arrangement of deliveries from the General Post Office. In fact the Madras Mail and the Loop Mail which arrive at 8-24 and 8-44 A.M., respectively i.e., about 40 and 60 minutes later than the Punjab Mail are at present included in the same delivery by which Punjab Mail letters are distributed. Moreover the E. I. Railway have assured that they will try to see that the Punjab Mail keeps regular timings in future. In the opinion of the committee therefore, the alteration in the timings of

the deliveries by which it is proposed to distribute the letters from the Punjab Mail about 1½ hours later than at present is not justified. In view of this the Committee also do not see any justification for the proposal to change the time of the first delivery to 9 A.M., from 7 A.M.

The Committee need hardly point out that the most important post of the day arrives by the Punjab Mail and any alteration in the time of delivery of this mail will not only affect prejudicially the routine of a number of offices but also handicap and hamper them in the disposal of their business. It is very essential that letters from the Punjab Mail should be delivered by the 10 A.M., delivery. As you may be aware, in October last when the timing of the Down Punjab Mail was changed to 10-24 A.M., about three hours later than before—the offices in the city were put to serious difficulties in disposing of their correspondence and as a result of the efforts of this Chamber along with other bodies the Railway revised the timings and the arrival time of the Punjab Mail was fixed practically the same as before. The Committee, therefore, disapprove of any proposal to change the time of delivery of this mail later than at present, especially in view of the fact that the train has not now been arriving late to any appreciable extent.

Copy of letter No. T.7-19/228 dated the 13th October, 1938.

From the Presidency Postmaster, Calcutta to the Chamber.

In continuation of this office Circular Letter No. T.7-19/207 dated the 2nd September, 1938, I write to say that there have been several changes in the time of arrival of the incoming trains conveying mails and in consequence of this it has become necessary on reconsideration to alter the suggested hours of delivery issued through postmen from the Calcutta G.P.O. as enumerated in the above circular letter.

I append herewith the new hours of delivery from the Calcutta G.P.O. with the names of the trains bringing in mails that will be sent out by each of the deliveries for your information.

The new arrangement will be given effect to from the 1st November, 1938.

There will be no alteration in the hours of delivery from the town sub-offices.

Letter No. 2248 dated the 29th October, 1938.

From the Chamber to the Presidency Post Master, Calcutta.

RE:—Delivery Timings.

I am directed to refer to your letter No. T7-19/228 dated the 13th October, 1938. The Committee have carefully considered the revised timings which are proposed to be given effect to from the 1st November, 1938. The reason which you have given for the proposed change in your letter under reference is that "there have been several changes in the time of arrival of the incoming trains conveying mails." On a perusal of the timings, however, the Committee find that with regard to the principal mail trains arriving in Calcutta, the changes indicate that except in three cases all other trains are to arrive a few minutes *earlier* than their previous arrival time. The three exceptions are B. N. R. Bombay Mail, the Madras Mail and the E. I. R. Bombay Mail out of which the first and the last named trains arrive in Calcutta less than 20 minutes later than previously. It is only in the case of the Madras Mail that there is a difference of about two hours in the arrival time. There has been particularly no change in the arrival time of the principal train conveying the up-country mails to Calcutta namely the Punjab Mail.

In view of the above facts, the Committee do not think that the changes in the timings of the mail trains require any widespread change in the timings of the postal deliveries from the G. P. O. In reply to your previous letter No. T.7-19/207 dated the 2nd September, 1938, in which you mention that owing to the late arrival of the Punjab Mail Train, the existing arrangement of the deliveries from the G. P. O. was frequently disturbed and that, therefore, it was necessary to alter the delivery timings, the Committee had pointed out in their letter No. 1973 of the 17th September, 1938, quoting definite facts, that the Down Punjab Mail arrived late only on six days during one whole month and that too by only a few minutes except on one day when it was late by 52 minutes. It will, therefore, be seen that neither the reason given in your previous letter of the 2nd September, 1938, nor the one given in your recent letter of the 13th October, 1938, holds good for changing the hours of delivery from the G. P. O. As you are aware the Punjab Mail is the most important train bringing in mails to Calcutta from up-country centres and it is essential that the mails brought by this train should be delivered to the addressees as early as possible in the day. Even with the present delivery from the G. P. O. scheduled at 10 o'clock for mails received by this train, it is not upto 11 o'clock in certain cases that the mails are actually

received by the addressees. It will, therefore, be seen that any further delay howsoever small will greatly inconvenience the commercial community. The Committee, therefore, do not approve of the proposal to delay the delivery of mails received by the Punjab Mail from 10 A.M. to 10-30 A.M.

The Committee find that mails arriving by trains reaching Calcutta as late as even 7-35 A.M., only 10 minutes earlier than Punjab Mail, are grouped for delivery from the G. P. O. by the first proposed delivery at 9 A.M. The Committee, therefore, do not see any reason why it is proposed to delay the second delivery from 10 A.M., to 10-30 A.M., particularly when the Punjab Mail and the B. N. R. Bombay Mail arrive before 8-o'clock in Calcutta. The only other train which it is proposed to include in the second delivery is the Loop Mail which arrives in Calcutta at 8-40 A.M. The Committee have no objection to and strongly recommend that the Loop Mail may be grouped with other trains for the purposes of the delivery of mails by the 12-30 P.M., delivery. This one train arriving late being thus eliminated from the second group and the only two remaining trains in the group namely the Punjab and the B. N. R. Bombay Mail arriving before 8 A.M., there is no reason why it would not be possible to keep the second delivery time at 10 A.M., as at present instead of delaying it till 10-30 A.M., as proposed.

The Committee have nothing to say as regards the first delivery which is now to be delayed by two hours from 7 A.M. to 9 A.M. though there is no change in the circumstances justifying any alteration. They would, however, strongly urge you not to delay the delivery of mails arriving by the Punjab Mail and to arrange for their being delivered on the existing scheduled time from the G. P. O.

The Committee hope to receive an early reply from you.

DIFFICULTIES IN DEALING WITH THE TRUNK OPERATIONS.

Copy of letter No. K-29/51/1 dated the 13th October, 1938

*From the Divisional Engineer, Telegraphs, Calcutta Division
to the Chamber.*

SUBJECT:—Difficulties in dealing with the Trunk operators.

I have the honour to state that I am informed that during the course of an interview which the Director-General Posts and Telegraphs had

with the Chamber, certain members complained of the difficulties in dealing with the Trunk Telephone Operators. In order to affect an enquiry and to take remedial action I would request the favour of intimating the precise nature of the difficulties experienced.

Letter No. 02412 dated the 16th November, 1938.

From the Chamber to the Divisional Engineer Telegraphs, Calcutta Division.

I beg to refer to your letter No. K-29/51(1) dated the 13th October, 1938 requesting for particulars regarding the precise nature of the difficulties experienced by subscribers in dealing with the Trunk Telephone Operators and I am directed to state in reply as under:—

Firstly, the time allowed for conversation between any two stations in the country is in units of three minutes. However, it is the usual practice of the operators to interrupt the conversation at the end of about 2½ minutes by mentioning "time over" although the period three minutes is not over. This not only causes unnecessary interference in the conversation but also waste of time. The trunk operators, therefore, should be instructed to mention "time over" only when the three minutes are actually over.

It has been the experience of many members that when after the first period of three minutes of conversation on the trunk line is over and when more time is required the operators very often refused to give further time on the plea that there are many other calls pending. It will be appreciated that subscribers use the trunk telephone call only in case of important and urgent matters and in view of the fact that they have to pay considerable charges for the use of the line, they will not be inclined to ask for an additional unit of time unless necessary. It has been observed that additional time is refused specially in cases when a particular person call is made. The result of the telephone operators not allowing more time and insisting on making a fresh call is that not only the subscriber has to pay 25 per cent more again for booking a particular person call but may also have to wait for a considerable time for a fresh call to be effective. The delay which usually occurs in getting trunk connections makes it all the more imperative that a call when once joined should not ordinarily be interrupted. The Committee understand that the rules already provide for a maximum duration of 6 minutes and they suggest that

normally those who wish to continue their conversation for the second period of three minutes after the original should be allowed to do so.

Another serious difficulty which is experienced arises out of the fact that connections are very often given for ordinary trunk calls without giving any previous intimation with the result that a considerable part of the time unit allowed for the call is wasted in getting the right person on the phone. It may be said that this difficulty could be avoided by booking a particular person call but it will be realised that there may be many circumstances in which it will not be possible for the caller to book a particular person call and the Committee are of opinion that facilities should be extended to users of ordinary trunk calls. It is argued on behalf of the authorities that giving of previous intimation of a trunk call would involve loss of time but it may be pointed out that generally during office hours, when the telephone lines are so busy, the operator usually gives previous intimation that there is a trunk call and joins the number after a minute or so. The Committee suggest that this procedure should also be followed in case of all calls, in order to remove a difficulty which has been felt by all using trunk telephone calls. It may be pointed out that it was with a view to obviate this difficulty that the Committee had suggested some time back to the department to consider the possibility of providing distinguishing signals for trunk connections but were informed that it was not possible due to technical difficulties. The Committee are not aware whether these technical difficulties are insurmountable but if some such system is adopted, it would solve the problem in a very effective manner.

The Committee trust that the above suggestions will receive your careful consideration. They shall be glad to be advised of the steps being taken.

BUSINESS REPLY TELEGRAMS.

Copy of letter No. T-102/37 dated the 21st October, 1938.

From the Director-General of Posts and Telegraphs, to the Chamber.

I am directed to forward herewith for your information a brief description of the new system of "Business Reply Telegrams" which is in use in England, and which system is proposed to be introduced in India, if it is so desired by large manufacturing and commercial bodies. The Director-General will be much obliged if you kindly

elicit the opinion of your Chamber as to whether a progressive system of this kind will not serve the requirements and interests of the business public by increasing sales of commodities etc., and favour him with his views.

Letter No. 02311 dated the 5th November, 1938.

From the Chamber to the Director General of Posts and Telegraphs.

I am directed to invite reference to your letter No. T-102/37 dated the 21st September, 1938, regarding Business Reply Telegrams. The Committee have considered the details of the scheme as described in the note enclosed by you and they are of the opinion that such a scheme will prove beneficial to the business community and will tend to increase sales of commodities. The Committee are in favour of the introduction of such a scheme in India.

REDUCTION IN TELEPHONE RATE.

Copy of letter No. G-136 dated the 12th March, 1938.

From the Bengal Telephone Corporation Limited, to the Chamber.

We beg to refer to our letter No. G-145 dated the 9th March, 1937, notifying a reduction in the rates charged by this Company with effect from the 1st April, 1937.

With the close of last year's accounts, the Directors found themselves in the position of being able to consider some further concessions and we now have pleasure in informing you that with effect from the 1st April, 1938, the following additional reductions will come into operation:—

- (a) the fixed rental on all direct Exchange lines will be reduced by Rs. 12 per annum.
 - (b) the discount for prompt payment on bills will be increased from 12½ per cent to 17½ per cent.
 - (c) the over-radius charges on long lines will be reduced for the first half mile from Rs. 150 per annum to Rs. 30 per annum.
-

Letter No. 00635 dated the 22nd March, 1938.

From the Chamber to the Bengal Telephone Corporation Limited.

I am directed to acknowledge with thanks the receipt of your letter No. G-136 dated the 12th March, 1938 informing the Chamber about certain further reductions in charges which the Telephone Corporation have decided to make with effect from the 1st April, 1938. While the Committee appreciate the step taken by the Corporation, they feel that the reductions are inadequate. I am directed to invite reference in this connection to the correspondence which my Committee had with you last year resting with your letter of the 13th December, 1937. It has been the standing grievance of the Commercial Community in this city that the telephone charges here are very high. The Committee find that while the working expenses of the Telephone Corporation have not shown any considerable rise, the total receipts and the net profit have been increasing for the last three or four years and increasing amounts are also being carried forward from year to year. This itself proves that the reduction in the telephone charges is much more than compensated by increased revenues and the Committee do not see any reason why the Telephone Corporation should not make considerable reduction in the existing charges. The Committee trust that the Telephone Corporation will consider the matter again and make adequate reductions in the rental and call charges so as to bring them down to a moderate level.

DIFFICULTIES ABOUT THE TELEPHONE SERVICE IN CALCUTTA.

Letter No. 2222 dated 26th October, 1938.

From the Chamber to the Bengal Telephone Corporation Limited.

The Committee of this Chamber have been receiving various complaints from members with regard to the telephone service in the city and they have been representing the same to you from time to time. The Committee find that most of the difficulties which the subscribers experience are due to the absence of the automatic system to the great inconvenience of subscribers and sometimes to a considerable loss to them. Cases of wrong connections, unnecessary delays and of connections being cut off while in the course of conversation are frequent occurrence. Apart from the delays that occur several times in getting connections, the experience of being disconnected while talking is every frequently resulting in a great annoyance to subscribers.

The exchange system is also harmful to the subscribers in another way inasmuch as, though care may be taken to avoid the subscribers being charged for wrong connections, it is not an uncommon experience that the calculation of the calls for which the subscriber has to pay is often wrong. The subscribers are often charged for many wrong calls and have thus to pay unnecessarily increased charges. Indeed, an instance has been brought to the notice of the Committee in which a subscriber, who was absent from Calcutta and whose residence was locked during such absence was called upon to pay for calls supposed to have originated from his number and it was only on the matter being subsequently taken up with the Telephone Corporation that the mistake was rectified. As against the few subscribers who are in a position to register complaints and get redress, the number of subscribers who acquiesce in the demands made by the Telephone Corporation without making any complaint is much greater. Moreover, the present exchange system operating in this city does not afford adequate secrecy to the subscribers which is very much desirable particularly in connection with business transactions and which would be available in the absence of direct human intermediary between the callers at the two ends.

The Committee are strongly of opinion that all these difficulties will be removed if the automatic system is introduced in Calcutta. They need hardly point out that this system has already been adopted in Bombay and in most of the other cities and towns in the country having telephone system. The Committee, therefore, strongly urge the Bengal Telephone Corporation to take early steps to change the present exchange system into the automatic.

An early reply is solicited."

Copy of letter No. G-606 dated the 28th October, 1938.

From the Bengal Telephone Corporation Limited, to the Chamber.

Referring to your letter No. 2222 of the 26th instant in connection with telephone services, we have the pleasure to advise you as follows :—

1. *Wrong Numbers and speed of Answer*—Under the terms of our License from the Government of India, it is incumbent upon us to keep for inspection by Government a record of observations of the handling of calls by our Operators. During the first six months

of this year no less than 16,940 calls have been secretly observed, the percentage of wrong numbers due to the Operator was 1.6 per cent, due to the subscriber himself making a mistake 0.6 per cent. The average speed of answer by the Operator was $3\frac{1}{2}$ seconds. This record has been kept since 1924 and is open to your inspection should you care to call at this Office.

2. *Metering.*—It is clearly for the Company to keep an account of calls and to submit its bills to its subscribers. The system of registering calls, as is done in Calcutta, is the product of the best brains in the Telephone business in Europe and America. The existing Message Rate was introduced in Calcutta on the recommendation of a Public Committee convened in the year 1923-24 by the Government of Bengal.

There is no question at all as to the soundness either of our observation records or of our metering of calls. When actual call by call records have been observed at any of this Corporation's Exchanges at the requests of subscribers to check the calls originating from any particular number, the discrepancies found have been due to the subscriber failing to maintain his record accurately.

That the Message Rate System has been appreciated is shown by the growth of the system since 1924. On June 30, 1924, the number of Exchange lines working on this Corporation's system was only 5929. On the 30th June, 1938, this figure had reached 15,322, an increase of 9363 Exchange lines in 14 years, or an average yearly net increase of 688 during that period.

3. *Secrecy.*—We admit that a subscriber has to ask for a number by speaking aloud, but as this is necessary in all **Manually** operated systems, there is nothing we can do in the **matter**. In the Automatic system it is also possible to know a number that is being dialled by merely counting the number of interruptions which occur each time the dial is operated. We cannot help observing it does not appear to us likely that any person wishing to carry on a confidential conversation over the telephone would do so in the presence of any other person or persons whether he was using a telephone connected to an Automatic or any other system.

4. In connection with Automatic Working, the desirability of replacing the present Manual system by one of the Automatic type has been before the Board of Directors of this Corporation for some time past, and is still receiving the most careful consideration.

There are many inconveniences in connection with Automatic working and, in the near or distant future, when the same is introduced in Calcutta, one of the first annoyances will be that every telephone number will have to be changed.

Letter No. 2461 dated the 28th November, 1938.

From the Chamber to the Bengal Telephone Corporation Limited.

I am directed to refer to the correspondence resting with your letter No. G-606 dated the 28th October, 1938. While the Committee appreciate your desire to explain the matters in connection with the various grievances which they had enumerated, they would like to point out that this does not fully meet the points raised by the Chamber.

As regards wrong numbers, the Committee are aware that a record of observation of the handling of calls by your operators is being maintained at your office. You state that "the percentage of wrong numbers due to the operator was 1.6 per cent," and that "due to the subscriber himself making a mistake 0.6 per cent." Though the Committee are unaware of the criteria which are employed to distinguish between the two kinds of mistakes, even these figures given by you prove that the percentage of wrong numbers "due to the operator" is much higher than the percentage of those due to the subscriber himself. The point, however, which the Committee wanted to stress was that the incidence of wrong numbers and the consequent annoyance caused to the subscribers could be avoided or minimised if the "exchange system" was converted into the "Automatic one."

The more important point, however, in this connection is about the unnecessarily increased payments which subscribers have to make for wrong calls. In their previous letter the Committee had given a specific example of how subscribers are called upon to pay for calls which they never made. Having to pay more than is justified by the actual number of calls made, is the common experience of many subscribers. The Committee regret that no satisfactory reply has been given to this point raised by them.

The Committee are unable to appreciate the argument that the growth of the telephone systems since 1924 in any way proves the merit of the message rate system or that it has been appreciated by the public. It is natural that with the passage of time and with the

growing adaptation of modern methods of business by the commercial community, the telephone habit should increase. It will not be out of place to point out that during all these years since 1924 there has also been an increase in the population of the city simultaneous with the considerable progress in the modernisation of business methods which has led to the increasing adoption of modern methods of communication. The increase in the number of subscribers during this long period only shows that the telephone habit is growing and it is hardly convincing to connect this fact with the merit of a particular system of rates which may have been in vogue. It is quite possible that there would have been a much larger increase in the number of subscribers had there been no causes of complaint against the present system. As a matter of fact, the commercial community, through the various Chambers of Commerce in the city, has voiced its dissatisfaction with the present system on many occasions.

In this connection, the Committee should be glad if you will kindly supply them with the progress in the number of subscribers during the ten years previous to the year 1924.

The Committee note that the question of replacing the present "manual system" by one of the Automatic type is now before the Board of Directors of your Corporation. They assure you that the "annoyance" of "every telephone number having to be changed" will not be so great as the annoyance caused by the defects in the present system. The change of telephone numbers will soon become a matter of routine and will hardly leave any inconvenience behind. The Committee, therefore trust that a decision to replace the present system by an automatic one would soon be arrived at.

Copy of letter No. G/S-689 dated the 3rd December, 1938.

From the Bengal Telephone Corporation Limited, to the Chamber.

We beg to thank you for your letter No. 2461, dated the 28th ultimo, and note your remarks.

With regard to the general question of wrong numbers, it will be appreciated that any Telephone System is liable to error of this description. So far as this Company is concerned, you may be interested to know that our Operating staff have definite instructions to allow a second call, free of charge, when their attention is directed

to the fact that the first call has failed owing to a wrong number having been connected. This instruction is very rigidly adhered to and in this connection we would add that a series of 27,850 individual calls which have been checked in detail over a period of ten months, shows that in actual practice subscribers are benefitting to the extent of 0.175 per cent in respect of registration of chargeable calls.

At the same time we would assure your Committee that it is the desire of this Company to reduce such calls to an absolute minimum and we would appreciate any efforts or suggestions your Committee may make with a view to achieving this object.

With regard to the 4th paragraph of your letter, we would inform you that the Message Rate system of charging was introduced because it was found that on the old Flat Rate basis the number of lines operated by the Company was steadily decreasing. Any Flat Rate system must, of necessity, charge an average rental and such average, operates adversely in respect of the small user who is unable to afford the amount based on an average rental. We would suggest that the principle of payment, in direct proportion to the use made of the system, is the only fair and equitable basis of charges and this is a principle which is being generally accepted throughout India.

With regard to the question of installing Automatic equipment in Calcutta, as we have already pointed out, this matter is receiving attention. Your Committee will, however, we are sure, appreciate the fact that a transfer of such dimension involves extremely heavy capital expenditure and in the terms of our license requires the sanction of the Government of India. It is hoped to arrive at a decision in the matter at an early date.

Letter No. 00128 dated the 28th January, 1939

From the Chamber to the Bengal Telephone Corporation Limited.

In continuation of my letter No. 2572 of the 10th December, 1938, I have to state that the Committee of the Chamber have considered the replies given by you to the various points raised by them in their letter dated the 28th November, 1938 addressed to you.

Regarding the general question of wrong numbers while the Committee appreciate that any telephone system operated as it is in

Calcutta is liable to errors of this nature, they are of the opinion that the proportion of wrong numbers is higher than what is adjudged to be so by you. The fact is that in a large number of cases persons making the calls are not able to bring the fact of their having been given a wrong number to the notice of the operator and even when it is done, there is no surety as to whether the same is recorded and taken into consideration as such. The Committee are aware of the instructions to your operating staff to allow a second call free of charge when a wrong number has been given, but they are extremely doubtful if a major portion of the subscribers getting wrong numbers do avail of or get second calls free of charge. The Committee do not know how the figure of 0.175 per cent being the extent to which subscribers are benefitted in respect of registration of chargeable calls mentioned in your letter, has been arrived at but they think that the other aspect of the question, as mentioned above also requires careful consideration. The Committee appreciate your request for suggestions to minimize the chances of wrong calls and the subscribers being charged for the same, but so far as the present system continues where the carrying out of instructions depends on human agency beyond the immediate reach of the subscriber, they do not think it possible for them to make any constructive suggestion. It is for this reason among others, that they have been insisting on changing over the present system to an Automatic one.

The Committee would further point out that since they last drew your attention to this matter, they have received further and repeated complaints about connections being cut off in the midst of conversation. As a matter of fact this is a daily experience of many members of the Committee. The Committee would also mention here that the cases of undue delay in getting telephone connections are not unusual.

The Committee find it somewhat surprising to learn that the message rate system of charging was introduced because it was found that on the old flat rate basis, the number of lines operated by the Company was steadily decreasing. The Committee would point out that in Bombay, Ahmedabad and Karachi; where an automatic system is in operation, the total number of telephone lines have risen from 8751 in 1923 to 19461 in December, 1938. In Madras also, the Committee understand that whereas in 1925 only 1301 lines were in operation, there are about 2825 working at present. It is natural that with the spread of modern business methods and the growth of telephone habit, telephone lines in Calcutta should also increase and to

attribute it to the special merits of the message rate system is by no means convincing.

The Committee shall be glad to know if the question of introducing a graduated scale of charges combining in effect both the message and the Flat Rate Systems, as is prevalent in Madras, has been investigated by your Company. I am enclosing herewith for ready reference and to serve as a basis the Schedule of charges as proposed to be introduced by the Madras Telephone Company from the 1st April next. While the Committee believe that the introduction of an automatic system which is under your consideration would be the best solution for the many difficulties mentioned above as also for the wrong calculations often responsible for undue payments being demanded from subscribers (a case of which was brought to your notice in my letter dated the 26th October, 1938), they believe that such a graduated scale if carefully evolved would afford some relief to the large users who make by far the larger number of calls registered by your Company without putting any additional burden on the small user.

TRUNK TELEPHONE CONNECTION AT GIRIDIH AND KODARMA

Letter No. 02674 dated the 19th December, 1938.

From the Chamber to the Director General of Posts & Telegraphs.

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by businessmen on account of the absence of trunk telephone connections at Giridih and Kodarma. The Committee are given to understand that these two towns are important on account of their Mica, Manganese and other mines and are in regular business communications with centres like Calcuta, Cawnpore and Bombay. The Committee also understand that business firms in these two towns have connections also with a number of foreign markets and the absence of telephone facility puts them to much inconvenience and hardship. The Committee would, therefore, request you to kindly enquire into the possibility of establishing trunk telephone lines in these two towns at an early date. The Committee trust the matter will receive your careful consideration.

Copy of letter No. T. & E|Eng P-189 dated the 24th January, 1939.

From the Postmaster-General, Bihar and Orissa to the Chamber.

SUBJECT —Trunk Telephone connections at Giridih and Kodarma.

With reference to your letter No. 02674 dated the 19th December, 1938, addressed to the Director-General of Posts and Telegraphs, New Delhi, I have the honour to state that the question of linking Giridih on the all India Trunk Telephone system has been examined and found to be expensive affair and unremunerative as far as this Department is concerned. The proposal of providing trunk telephone facilities at Giridih has therefore been dropped.

As regards Kodarma it may be mentioned that the proposal of providing trunk telephone facilities at that place by opening a Public call office at Jhumri-Telaiya Post and Telegraph Office is under consideration and a further communication in the matter will follow in due course.

FINANCE

BUDGET PROPOSALS OF THE GOVERNMENT OF INDIA FOR—1938-39.

Telegram dated the 27th February, 1938.

From the Chamber to the Government of India Finance Department.

Committee Indian Chamber of Commerce Calcutta consider budget very disappointing stop committee feel that in view of Improved Financial and Economic situation of which full account has not been taken the long pending relief of abolition of surcharges on incometax and supertax should have been given and the heavy burden of excise duty on sugar which has been detrimental to industry should have been reduced stop relief should also have been given to public by reduction in postal charges particularly in view of larger revenue from that department stop.

IMPOSITION OF STAMP DUTY ON CHEQUES.

Telegram dated the 19th February, 1938.

From the Chamber to the Government of India, Finance Department.

Committee Indian Chamber Calcutta view with concern proposal to reimpose stamp duty on cheques abolished in 1927 stop such levy would discourage growing banking habit among Indian middle class and adversely affect small investors stop both currency commission and banking enquiry committee expressed themselves against any stamp duty on cheques in order to promote banking habit among people which is essential for countrys economic development committee emphatically urge Government drop such unjustified proposal.

Letter No. 00427 dated the 25th February, 1938.

From the Chamber to the Government of India, Finance Department.

RE:—Imposition of Stamp Duty on Cheques.

I am directed by the Committee to refer to the Bill which has been introduced in the Assembly by the Hon'ble the Finance Member which inter-alia proposes the reimposition of Stamp Duty on Cheques which was abolished in 1927 after considerable agitation by the commercial community and as a result of a recommendation made by the Currency Commission of 1926. The Committee have already sent to you a telegram on the 21st instant protesting against the proposed reimposition of the Stamp Duty on Cheques. The Committee have not been able to appreciate the argument put forward by the Hon'ble the Finance Member, in the course of his objects and reasons. The drawing of cheques for considerably smaller amounts is also current in the western countries and in a comparatively poor country like India it is all the more essential that every care should be taken not to place any handicap in the way of the middleclass and the small investors. It is essential for the economic development of the country that banking habit is encouraged as much as possible among the lower and the middleclass, as was pointed out recently by Sir James Taylor in the course of his address at the Annual Meeting of the Shareholders of the Reserve Bank. The Committee need hardly remind the Government that the Central Banking Enquiry Committee also expressed themselves against the imposition of any duty on cheques and when such a measure came before the Indian Legislature in 1933 it

was strongly opposed and ultimately dropped. The Committee are of the opinion that there is a large scope for the expansion of the Banking habit in India and they trust that the Government would not take any steps especially at this particular juncture to put any hindrance in the way of such growth. The Committee, therefore, request the Government of India to drop the proposal for the reimposition of stamp duty on cheques.

The Committee however, appreciate the proposed reduction of the stamp duty on Inland Bills of Exchange which the Commercial community has been urging for since long. The Committee of this Chamber has also been pressing for such a relief and they trust that the effect of this relief which is now proposed to be granted will not be in any way counteracted by the reimposition of the Stamp duty on cheques.

Telegram dated the 23rd March, 1938.

From the Chamber to the Government of India, Finance Department.

Reference Stamp duties unification bill committee understand government do not propose proceed with the bill stop commercial community objected only to imposition stamp duty on cheques but no controversy about reduction of duty on Inland bills of exchange which as the honourable Finance Member himself acknowledges in statement of objects of bill has been unanimously recommended by all Government and commercial interests and also Reserve Bank stop committee urge government proceed with this part of bill as this reform overdue and urgently needed.

Letter No. 2392 dated the 14th November, 1938.

From the Chamber to the Government of India, Finance Department.

RE :—Stamp Duty on Inland Bills of Exchange.

I am directed to refer to the correspondence resting with my letter No. 427 of the 25th February, 1938 in connection with the bill introduced in the Central Assembly by the Hon'ble the Finance Member to fix uniform rates for the levy of certain stamp duties throughout British India. This bill proposed to reduce the stamp duty on inland bills of exchange of not more than one year's usance to two annas per

rupees thousand as recommended by the Central Banking Enquiry Committee as far back as the year 1931. The bill, however, also contained a provision regarding the levy of stamp duty on cheques and was opposed on this ground by commercial opinion throughout the country including this Chamber. It was, however, made clear at that time that the objection to the bill related to only the provision regarding the levy of stamp duty on cheques and that the commercial community were completely in agreement with the proposal to reduce the duty on inland bills of exchange. As a matter of fact, not only the entire commercial community of India including the European section were agitating for the reduction of this duty but almost all the Committees and Commissions appointed by the Government to enquire into problems relating to currency and finance also urged for the abolition or the reduction of the stamp duty on these bills. The authorities of the Reserve Bank of India have also been strongly in favour of such an action. In their report for the year 1937 presented to the shareholders, the Central Board of Directors of the Reserve Bank observed to the effect that "there are, however, many obvious difficulties in the way-not the least of which is the stamp duty on bills, which, besides being very onerous at present among rates is a severe handicap to our purpose. The Reserve Bank has been pressing the Central Government and through them the Provincial Governments to carry out this suggestion"

The Committee, however, regret that the Government of India, as a result of the opposition to the provision regarding the imposition of stamp duty on cheques dropped the whole bill and did not proceed even with those proposals for which there had been a constant demand for the last several years from almost all quarters. As a matter of fact, the Hon'ble the Finance Member himself stated in the course of the Statement of Objects and Reasons attached to the bill that the proposal to reduce the stamp duty on inland bills of exchange was in accordance with "a strong recommendation from the Reserve Bank of India and the unanimous opinion of Government and commercial interests consulted." The Committee may also point out that the reduction of the stamp duty does not involve any very serious consideration of revenue in-as-much-as, so far as the Committee understand, the present stamp duty on these bills yields only about rupees seven lakhs per year. Moreover, even this sum does not go to the Central Exchequer or to any one Government but is distributed among the various Provincial Governments thus ultimately forming a very minor item of receipts. Again, it is certain that the reduction of the present stamp duty on these bills of exchange would greatly increase their use

and hence will be a further safeguard against any very considerable fall in revenue.

The Committee therefore strongly urge the Government of India to give effect to the unanimous wishes of the commercial community, the Provincial Governments and the Reserve Bank of India by reducing the stamp duty on inland bills of exchange as desired. The Committee need hardly point out that these bills of exchange particularly in a predominantly agricultural country like India form one of the most important factors in monetary circulation as was recognised by the Royal Commission on Indian Currency and Finance (1926). That, the present stamp duty on these bills is operating as "a severe handicap to our purpose" is also admitted by the Board of Directors of the Reserve Bank of India. The Committee therefore trust that the Government will take early steps to reduce the stamp duty on inland bills of exchange. The Committee shall be obliged to know the action which the Government of India propose to take in the matter.

ALLOWANCE TO MANAGING AGENTS IN COMPUTING THEIR INCOME

FROM THE MANAGING AGENCY COMMISSION.

Letter No. 00648 dated the 23rd March, 1938.

From the Chamber to the Central Board of Revenue.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the recommendation made by the Income Tax Enquiry Committee (1936) regarding allowance to Managing Agents in computing their income from the Managing Agency commission, in respect of portions of such commission paid away by the managing agents to other parties. As stated in the Income Tax Enquiry Report p. 36, (Chapter VI, Section 4 sub-clause (g)) the position is not clear with regard to this matter and Income Tax Officers refuse allowance, in certain cases, of part of the commission paid away by the Managing Agents in computing their liability to income tax. The Income Tax Enquiry Committee stated in their Report that "a case on this point is being taken to the Privy Council" but they recommended that "whatever the result of that case, the tax liability in respect of such commissions should be imposed upon the recipients and allowances made therefor in computing the

liability of the Managing Agents by, we suggest, notification under section 60 (1) of the Act.”

I shall be glad if you will kindly let me know whether any such Notification has been issued by the Central Government. If it has not been done, the Committee suggest that a notification be issued as recommended by the Income Tax Enquiry Committee without delay.

An early reply will oblige.

Copy of letter No. 203-I.T./38 dated the 18th May, 1938.

From the Central Board of Revenue to the Chamber.

Income-tax Enquiry Report 1936—Chapter VI Section 4—Commission paid away by Managing Agents to other parties—Exclusion of, from Managing Agents total income.

With reference to your letter No. 00882 dated the 25th April, 1938, I am directed to say that the matter is under consideration.

Letter No. 01277 dated the 27th June, 1938.

From the Chamber to the Central Board of Revenue

I am directed to invite reference to your letter No. 203-IT/38 dated the 18th May, 1938, regarding exclusion from Managing Agents' total income of the commission paid away by them to other parties. The Committee of this Chamber believe that the matter is an important one and even the Income Tax Enquiry Committee recommended that a notification be issued by the Government in this respect. As a number of Joint Stock Companies are unnecessarily required to pay more by way of tax, in the absence of such notification, the Committee would request the Board to issue a notification as desired at an early date.

Copy of letter No. 203-I.T./38 dated the 2nd July, 1938.

From the Central Board of Revenue, to the Chamber.

Income-tax Enquiry Report 1936—Chapter VI Section 4—Commission paid away by Managing Agents to other parties—Exclusion of, from Managing Agents total income.

With reference to your letter No. 01277 dated the 27th June, 1938, I am directed to say that the matter is under consideration.

Letter No. 01418 dated the 14th July, 1938.

From the Chamber to the Central Board of Revenue.

RE:—Income Tax—issue of a notification under Section 60(1) re: commission paid away by Managing Agents to other parties.

I am directed to acknowledge the receipt of your letter No. C. No. 203-I.T.38 dated Simla, the 2nd July, 1938, and note that the matter is still under consideration. The Committee regret to note that in spite of the fact that the Income Tax Enquiry Committee appreciated the strength of the claim and recommended the issue of a notification for allowance being made for such portion of the Managing Agents' Commission as is paid away to other parties while assessing the former to Income Tax, and in spite of repeated representations having been made by this Chamber and other commercial bodies, the Government of India have not yet issued the desired notification.

The Committee need hardly reiterate that in the absence of such notification several assesseees are being put to unnecessary difficulties and losses. The Committee of this Chamber had an occasion to discuss this matter with Mr. J. F. Sheehy, r.c.s., Member, Central Board of Revenue, who is on a visit to Calcutta, and Mr. Sheehy admitted the inequity of making the Managing Agents liable for payment of income-tax and super-tax on the gross amount received by them from the company. He agreed that in his opinion the reasonable thing would for each recipient be to pay income-tax and super-tax on the portion received by him.

The Committee, however, understand that one of the reasons why the Government of India is hesitating to issue this notification is that at the time of the discussion of the Bill in the last session of the Legislative Assembly, the Leader of the Opposition objected to the Government of India retaining the power to issue notifications under Section 60(1) of the Act and that an assurance was given on behalf of the latter by the Hon'ble Sir James Grigg that they were prepared to give up this power for the future. The Committee would, however, submit that the objection raised by Mr. Bhulabhai Desai on the floor of the House was against the principle that the executive

should be vested with powers to exempt any class of persons from their liability to tax and the main reason of his objection was, as he himself mentioned in the course of his speech, that this power had been used in the past in a manner by which "people are allowed not to pay the tax which except for those specific provisions, they ought and would have paid." Mr. Desai was specifically referring to the various notifications which have already been issued by the Government of India under Section 60(1) and which operate mostly in favour of non-Indians in the permanent services. The Hon'ble Sir James Grigg, however, stated in his reply that though "as a matter of principle" he "entirely agreed with him (the Leader of the Opposition)," he was not prepared to "go the whole way that the Leader of the Opposition" wanted him to but that he "will quite definitely agree to giving up this power for the future with the saving of the existing notifications, except the one to which I have referred to."

The Committee submit that there is no reason why the notification which is now asked for and which being equitable has been specially recommended to be issued by the Income Tax Enquiry Committee, should not be issued particularly when the Government of India do not propose to give away the powers they have got under Section 60(1). Even if the Government of India agree to delete section 60(1) from the Income Tax Act, they will have to consider what steps they should take in regard to the notifications they have already issued, and which the Hon'ble Sir James Grigg would not let go in any case and this notification which we are asking for could also be dealt with equitably along with the other notifications. There can be no justification in using an omnibus objection to the principle of the Section to refuse justice in a matter where it is due.

The Committee, therefore, trust that having regard to the difficulties experienced by assesseees, the Government of India will issue the desired notification immediately.

Letter No. 01517 dated the 27th July, 1938.

From the Chamber to the Central Board of Revenue.

I am directed to invite reference to the correspondence resting with my letter No. 01418, dated the 14th July, 1938, on the subject of Notification under section 60 (1) regarding portions of commission paid away by managing agents to other parties. The Committee

regret that though the Notification has been recommended on the ground of equity by the Income Tax Enquiry Committee and though the Board was repeatedly requested to issue the same, no action has yet been taken in the matter. The Committee trust that your Board would now take steps to remove this reasonable grievance of the assesseees concerned without delay.

Without prejudice to the above request, I am directed by the Committee of the Chamber to draw your attention to certain unjustifiable and inequitable measures being adopted by the Income Tax Officers :—

(1) In the Privy Council case of Tata Hydro-Electric Agencies, Bombay vs. The Income Tax Commissioner, Bombay Presidency and Aden, it will be noticed in the Judgment delivered by their Lordships of the Privy Council that "it was not questioned by the Counsel for the Crown that if the present question had arisen with Tata Sons, Ltd., they would, under section 10, sub-section 2 (ix), have been entitled, on the facts stated, to deduct their payments to F. E. Dinshaw, Ltd., and Richard Tilden-Smith as being expenditure incurred solely for the purpose of earning their profits or gains."

The whole Judgement of their Lordships leaves no doubt that in their opinion, if an existing Managing Agent of a Company enters into an agreement to pay away a share of the Managing Agency Commission in consideration of certain advantages, received in connection with the management of the company, the Managing Agent is entitled to deduct payment as being expenditure incurred solely for the purpose of earning his profits and gains.

It is a matter of regret that the Income Tax Officers, without appreciating the grounds of the Judgment cited above, seek to disallow such payments even when they are made by such Managing Agents as actually manage the concerns at the time the payments were agreed upon. In such circumstances, the Committee would request the Board to issue executive instructions without delay to the Income Tax Officers that a payment as mentioned above be not disallowed by them.

(2) Another class of cases in connection with which hardship is being caused, is the one in which immoveable property is owned by several persons in distinct shares. Until recently the practice was to assess each co-sharer in respect of the amount received by him. In recent times on account of a Judgment by the Calcutta High Court followed by the Bombay High Court, the Income Tax Officers are

assessing all the owners together as an Association of individuals in respect of the total amount. That the Government recognised such a practice to be very inequitable is obvious from their incorporation in the Income Tax Amendment Bill of clause 9 (c) which expressly states that "such persons shall not, in respect of such properties, be assessed as an association of persons, but the share of each such person in the income from the property as computed in accordance with this section shall be included in his total income." It might be further mentioned that additional hardship is being caused by the Income Tax Officers issuing Notices under Section 34 of the Income Tax Act for the revision of assessments already made.

In view of this the Committee trust that the hardship that is being experienced by co-owners of property in the interval up to the time of the enactment of the Income Tax Amendment Bill be removed by the issue either of executive instructions or a Notification under Section 60 (1) of the Act forthwith.

Copy of letter No. 203-I.T./38 dated the 30th August, 1938.

From the Central Board of Revenue, to the Chamber.

SUBJECT:—Indian Income-tax Act, 1922—Section 10(2)(ix)—Commission paid to Managing Agents and others—Deduction of—Income-tax Enquiry Report, 1936—Chapter VI. Section 4(g).

With reference to the correspondence resting with your letter No. 01517 dated the 27th July, 1938, I am directed to say that the Board is issuing a circular on the subject of Managing Agents' Commission a copy of which will be sent to you in due course.

As regards your second suggestion relating to immovable property being owned by several persons in distinct shares, I am to say that, as observed by you, necessary provision has already been made in the Income-tax (Amendment) Bill, 1938, and the Board does not consider that any further action is necessary at this stage.

Letter No. 02070 dated the 30th September, 1938.

From the Chamber to the Central Board of Revenue.

I am directed to invite reference to your letter C. No. 203/II/38 dated the 30th August, 1938, the second para of which refers to the question of assessment of the co-sharers in respect of immovable property owned by them in distinct shares. The Committee note that your Board is of the opinion that no further action is necessary at this stage as necessary provision in this connection has already been made in the Income Tax (Amendment) Bill 1938. The Committee would, however, point out that their idea in drawing the attention of your Board to the hardship experienced by co-sharers as a result of the total amount even when they own the immovable property in distinct shares was that this inequity should be removed immediately. The fact that necessary provision has been made in the Income Tax Bill is in the opinion of the Committee a clear proof of injustice of the procedure followed by the Income Tax Officers in this connection, and the Committee believe that there is no reason why such an inequitable system should be allowed to continue even for the period till the Income Tax Bill is passed. The Committee would, therefore, request your Board to take early steps to remedy this hardship experienced by co-sharers owning property in distinct shares.

An early reply will oblige.

Copy of letter No 203-I.T./38 dated the 18th October, 1938.

From the Central Board of Revenue, to the Chamber

SUBJECT:—Association of individuals—Property held by—Joint assessment in the hands of co-sharer.

In reply to your letter No. 02070 dated the 30th September, 1938, I am directed to say that the Board regrets that it has nothing to add to its letter C. No. 203-I.T./38 dated the 30th August, 1938.

INCOME TAX AMENDMENT BILL, 1938.

Copy of letter No. 250-I T./38 dated the 14th April, 1938

From the Central Board of Revenue to the Chamber.

SUBJECT:—Income-tax (Amendment) Bill, 1938.

I am directed to forward herewith 5 copies of the Income-tax Amendment Bill, 1938 and to request that the Board may be furnished with your considered views on the provisions of the Bill. I am to say that the reply to this letter may be sent so as to reach the Board not later than the 15th August, 1938.

DIFFICULTIES EXPERIENCED BY CERTAIN INSURANCE COMPANIES IN
CONNECTION WITH THE ACCEPTANCE OF THEIR POLICIES.

Letter No. 01456 dated the 20th July, 1938.

From the Chamber to the Government of India, Commerce Department

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the difficulties experienced by Indian Insurance Companies in connection with the acceptance of the policies issued by them. The Committee learn that several banks refuse to accept the policies issued by sound Insurance Companies selected by the Banks' customers. One of the reasons for such non-acceptance, the Committee understand, is that the banks or its Managers are interested, directly or indirectly as agents or otherwise in certain insurance companies and when a policy issued by a company other than the one in which they are interested, is offered they refuse to accept the same and the party has to get the existing policy cancelled and to have it re-issued by a company favoured by the Bank.

The Committee appreciate that the question of financial stability and re-insurance arrangements of the insurance company should not be ignored by the Banks. Even such examination loses much of its importance in view of the compulsory deposits with the Government of India under the new law. However, when these conditions are fulfilled, and when the policies of an Insurance Company are accepted by other Banks, the Committee do not see any reason why a Bank should refuse to accept a policy issued by an Insurance Company selected by the Bank's customer. The function of a Bank should

mainly be in regard to deposits and loans and the powerful position that a Bank enjoys in relation to a borrower should not be utilised by the management to place obstacles in the way of Insurance Companies which should be allowed to develop freely in their own sphere.

The Committee need hardly emphasise that the practice of Banks and Bank Managers becoming Agents of Insurance Companies puts the Insurance Companies to much inconvenience and definitely retards the growth of insurance in the country. In view of the serious handicaps suffered by the Indian Insurance Companies in this respect and the importance of the question from the view point of the progress of insurance in the country, the Committee would request the Government to use their influence to see that policies issued by the Indian Companies are accepted by all the Banks.

The Committee would be glad to be advised as to what steps the Government propose to take in the matter.

Copy of letter No. 530-I(12)/38 dated the 22nd September, 1938.

*From the Government of India, Department of Commerce,
to the Chamber.*

SUBJECT:—Difficulties experienced by the Indian Insurance Companies in connection with the acceptance of their policies by certain Banks.

With reference to your letter No. 1456, dated the 20th July, 1938, on the above subject, I am directed to say that the acceptance or refusal of insurance policies offered as security is a matter which is entirely within the discretion of the banks concerned, and the Government of India are, therefore, unable to take any action in the matter.

Letter No. 01465 dated the 21st July, 1938.

From the Chamber to the Exchange Bank's Association, Calcutta.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the difficulties experienced by Indian Insurance Companies in connection with the acceptance of the policies issued by them. The Committee learn that several banks refuse to accept the policies issued by sound Insurance Companies

selected by the Banks' customers. One of the reasons for such non-acceptance, the Committee understand, is that the Banks, or its Managers are interested, directly or indirectly, as agents or otherwise in certain insurance companies and when a policy issued by a company other than the one in which they are interested, is offered they refuse to accept the same and the party has to get the existing policy cancelled and to have it re-issued by a company favoured by the Bank.

The Committee appreciate that the question of financial stability and re-insurance arrangements of the insurance company should not be ignored by the Banks. Even such examination loses much of its importance in view of the compulsory deposits with the Government of India under the new law. However, when these conditions are fulfilled, and when the policies of an Insurance Company accepted by other Banks, the Committee do not see any reason why a Bank should refuse to accept a policy issued by an Insurance company selected by the Bank's customer. The function of a Bank should mainly be in regard to deposits and loans and the powerful position that a Bank enjoys in relation to a borrower should not be utilised by the management to place obstacles in the way of Insurance Companies which should be allowed to develop freely in their own sphere.

The Committee need hardly emphasise that the practice of Banks and Bank Managers becoming Agents of Insurance Companies puts the Insurance Companies to much inconvenience and definitely retards the growth of the insurance in the country. In view of the serious handicaps suffered by the Indian Insurance Companies in this respect and the importance of the question from the view point of the progress of insurance in the country, the Committee would request your Association to use their influence to see that the policies issued by the Indian Companies are accepted by all the Banks.

The Committee trust that the matter will receive your careful consideration.

Copy of letter dated the 22nd July, 1938.

From the Calcutta Exchange Bank's Association to the Chamber

In reply to your letter of yesterday's date, I am not aware that Bank Managers are Agents of Insurance Companies and I doubt very much whether this statement in any case has reference to Managers of Exchange Banks in Calcutta.

As far as I know the Insurance policies of Indian Companies are received quite freely where the position of the Company warrants acceptance of their policies. Naturally, of course, the extent to which such policies are accepted must depend upon the strength of the Insurers and each Bank must decide this question for itself.

Letter No. 01854 dated the 9th September, 1938

From the Chamber to the Calcutta Exchange Bank's Association

I am directed to refer to your letter of the 22nd July, 1938 in reply to my letter of the 21st July, 1938 on the question of Banks or Bank Managers being interested in certain Insurance Companies to the detriment of the other Insurance Companies. The remarks in my previous letter regarding the reasons for the non-acceptance of policies issued by companies were not confined in their application to bank managers only but included both "Banks and Bank Managers" "One of the reasons for such non-acceptance" it was stated "is that the Banks or their Managers are interested, directly or indirectly, as agent or otherwise in certain insurance companies" and it was pointed out that this practice of banks and bank managers becoming agents of insurance companies puts other insurance companies to much inconvenience. In your letter under reply, however, you have only referred to "Bank Managers," none of whom to your knowledge, are agents of insurance companies. The Committee regret that you did not take note of the fact of banks themselves being agents of certain insurance companies which, in practice, leads to the same difficulty as pointed out by the Committee in their previous letter namely non-acceptance of the policies of other Insurance Companies by such banks. I am enclosing herewith a list of the Exchange Banks in Calcutta who are agents for insurance companies mentioned against their names. This list includes only such Banks as are Calcutta agents and excludes moffusil agencies etc. entirely. The Committee need hardly emphasise that whether it is "Banks" or "Bank Managers" or other "Bank Assistants" who are interested, directly or indirectly, as agents or otherwise in insurance companies, it is sure to lead to difficulties of the nature pointed out in their previous letter.

My Committee hope that you will agree with them that the Banks or their officers should not, directly or indirectly, influence their clients to place their insurance business with companies not chosen by the clients themselves but by the officers of the Banks. Such a course

greatly hits, particularly, the Indian Insurance Companies which have to make up a great leeway to develop their business. Even the argument of examining the financial position of Insurance Companies loses much of its force in view of (a) the invariable practice of re-insuring risks above a small retention by the underwriters and (b) the Insurance Act recently passed by the Indian Legislature.

In the circumstances, my Committee hope that you will be good enough to use your influence to see that this grievance of the Indian Insurance Companies is removed.

Copy of letter dated the 12th September, 1938.

From the Calcutta Exchange Bank's Association to the Chamber.

In reply to your letter of the 9th instant, in all cases within my experience the matter of insurance is dealt with by the sellers of bills and borrowers against goods or property in the case of marine and fire insurance, respectively. Banks naturally reserve the right to fix the maximum amount they will accept of any one Company's insurance, based on the standing of the particular Company, but I am not aware that they show discrimination in any other direction.

I cannot of course interfere with the right of action of other Bank's in the matter of their own insurance.

Letter No. 02072 dated the 30th September, 1938.

From the Chamber to the Calcutta Fire Insurance Association.

The attention of the Committee of this Chamber has been drawn to the difficulty arising out of banks or their officers being agents of certain insurance companies. The Committee are informed that some times banks refuse to accept the policies issued by certain insurance companies selected by the banks' customers and insist on the customers taking out policies from the insurance companies in which the particular bank or its officers are interested as agents. You will appreciate that this practice becomes detrimental to other insurance companies and to their business.

The Committee understand that in your mofussil agency rules there is a provision by which, *inter alia*, an individual interested in

banks, cannot be appointed as an agent. In view of the difficulties experienced by insurance companies, as pointed out above, the Committee are of the opinion that it would be desirable if a similar restriction is placed on banks and their officers so far as Calcutta area is concerned. I am directed to express the hope that the question will receive your Committee's careful consideration and that you will let me have a reply at your early convenience.

Copy of letter No. 2607-F. dated the 12th October, 1938.

*From the Calcutta Fire Insurance Association to the Chamber.
Banks as Agents—Calcutta Area.*

I acknowledge the receipt of your letter dated the 30th September, which has received the attention of the Committee.

In reply I am to say that the Committee are sorry to hear that complaints have been made regarding the employment of banks as agents in the Calcutta area. If any complaints are made, through a member of this Association to the Committee, that unfair competition of the type described in your letter has taken place, and if concrete evidence of such unfair competition is forthcoming, the Committee will be glad to investigate the matter.

Letter No. 2445 dated the 22nd November, 1938.

From the Chamber to the Calcutta Fire Insurance Association.

RE:—Banks as Agents—Calcutta area.

I am directed to refer to the correspondence resting with your letter No. 2607-F. dated the 12th October, 1938 on the above subject. My Committee note that the Committee of your Association will be glad to investigate the matter if complaints are made through a member of your Association of any unfair competition of the nature described in my previous letter. Your Committee would, however, appreciate that the matter is rather delicate for an Insurance Company directly concerned to take up the matter with you. The difficulty in making such complaint increases in view of the fact that it is not always possible to produce any "documentary evidence" for such unfair competition. The Committee of the Chamber had, however, instituted enquiries into the matter and they have satisfied themselves

that instances of such unfair competition as described in my previous letter have occurred. As an illustration, I am directed to give below an extract from a letter which was received by one of the member Insurance Companies of the Chamber sometime back from an Exchange Bank.

"With reference to your letter of the, we regret we are unable to comply with your request, not because of any doubt as to the security offered, but we ourselves represent another company and you will appreciate, must naturally endeavour to influence such business to them."

In the face of the above evidence, it is hardly necessary to emphasise further the desirability of carrying out the suggestion made in my letter No. 2072 dated the 30th September, 1938 that Banks and their officers in the Calcutta area should not be allowed to be appointed as Agents of Insurance Companies. The Committee trust that in view of the definite evidence as cited above, your Committee will consider the matter carefully and make the desired rule so as to prevent unfair competition of the nature pointed out above.

EXCHANGE VALUE OF THE RUPEE.

Letter No. 01214 dated the 21st June, 1938

From the Chamber to the Government of India, Finance Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you on the question of the exchange value of the rupee, which at present is causing considerable concern in the minds of the commercial community and the public. The Committee have already addressed a telegram on 7th June, 1938 to the Government regarding the press communique issued by them on this subject. They would, however, like to deal at some length with this question which vitally affects the economic well-being of the country.

Indian opinion has not hitherto been reconciled to the exchange policy of the Government. While other countries have had to depreciate their currencies either under the force of circumstances or as a deliberate measure, like the United States, for the purpose of appreciating the value of their own products, India is the only country where the external value of the currency has been kept up at an

appreciated rate by the Government. Such a policy which tends to favour foreign manufacturers has been seriously detrimental to Indian interests. In fact, the appreciation of the rupee from 1s. 4d. to 1s. 6d. was only one of a series of manipulations of the exchange which were made by the authorities, which helped, in purpose and fact, the interests of foreign imports. The closing down of silver mints at the end of the last century and a deliberate appreciation of the rupee to 1s. 4d., another attempt to peg it at 2s. and the last appreciation at 1s. 6d. all go to show as though there has been some carefully conceived plan to appreciate the value of the rupee whenever any opportunity to do so was available. Nor is that all. Every time the rupee was appreciated, a colossal amount of gold resources was frittered away in order to maintain the appreciated level. No Government, national in its outlook or responsible to its own people, would have permitted, let alone encouraged and justified, such an abnormal drain of the precious metal mainly in order to keep up the exchange. When England had been purchasing gold since 1931, India allowed the export of its holdings without any restrictions. When other countries were depreciating their currency value in order to mitigate and offset the rigours of depreciation, the Government of India were, on the contrary, endeavouring to maintain the exchange by dissipating its gold resources.

The recent weakness in the price of the rupee indicates that if efforts to maintain its value, at what can be legitimately described as a fictitious level, are not abandoned, India will have to face another prolonged period of deflation with its concomitant evils of dear money and lower commodity prices. In fact, it appears from the Statement of Accounts of the Reserve Bank for the week ending 3rd June that the process of deflation has already commenced since paper currency has been contracted by about Rs. 2 crores while a similar amount of sterling resources has been transferred from the Paper Currency Reserve to the Banking Department.

It is a comparatively simple matter for the Government to declare, as they have done in their press communique, that they would not allow the rupee to fall. The Committee doubt, however, whether the Government have fully calculated the cost which the country will be called upon to bear for such an ill-advised policy. Apart from economic considerations, even political considerations by themselves should have induced the Government to take a view more in consonance with public opinion on this question. The victory that the Government obtained on this issue ten years ago in the Legislature has been gained

at too great a cost because subsequent events have justified the apprehensions and forecasts of the advocates of a lower ratio and even the representatives of the agriculturists who were at one time sceptical about its value are now among the keenest supporters of devaluation. Moreover, it is time the Central Government realised the changed political conditions of to-day when such an issue, if supported by overwhelming public opinion and by the majority of the Provincial Governments, is likely to assume an immense constitutional importance which may have serious repercussions. The Committee, therefore, hope that the Government will not take such a complacent view of the problem as they have been inclined to do all along but will take early steps to revise their exchange policy in the light of the prevailing conditions and in response to public demand. The time is opportune for an impartial and open examination of the whole subject of the exchange policy and particularly the ratio question.

The Committee would briefly examine the position as revealed by the issue figures of the Reserve Bank. Towards the beginning of this month* the Accounts of the Reserve Bank show a Note Issue for an amount of Rs. 215 crores against which is held gold at its original value which amounts to 44½ crores and sterling which amounts to Rs. 76 crores. According to the Statute governing the Reserve Bank, the Issue Department must maintain sterling and gold reserve at least at 40 per cent of its Note value. On this basis and assuming that, in the interests of the country, the policy of currency contraction will not be adopted, Rs. 86 crores of gold and sterling become the absolutely essential minimum to be maintained. This will leave only Rs. 34 crores worth of sterling for meeting the demand of remittances. It is of course presumed that no currency contraction will be undertaken at this stage because the Note Issue is covered by gold and sterling which amounts to more than 40 per cent. After this, for every reduction of Re. 1 worth of gold in reserve, Rs. 2½ worth of 'Note' will have to be withdrawn from circulation. It is not difficult to foresee the results of such a policy. Having regard to the low prices of cotton, jute, wheat and other commodities, India is hardly in a position to withstand a policy of intense deflation and its consequent evils. The Committee earnestly urge the Government to consider seriously this aspect of the matter. They emphatically submit that in order to maintain the credit of India both within the country and abroad, the Government should unequivocally declare that under no circumstances would they allow the gold and sterling resources of the country to go below a certain level or allow any contraction of currency and credit. On the contrary, in view of the

imperative need for money to carry out programme of rural reconstruction, it should be the aim of the Government to encourage the expansion of currency and make more money available to meet the country's vital needs.

The Committee are aware of the contention that it is the function of an Issue Bank freely to supply exchange when approached to do so. They hold, however, that this statement is only partially correct. No Issue Bank in the world has ever undertaken to supply free exchange especially if such an action is likely to deplete seriously its gold resources. The Bank of England, for example, did not do so. The Committee are, therefore, of opinion that the Reserve Bank of India should not, in the interests of the country, follow such a course. It is essential to warn the Government that the entire public including the commercial community will take very serious exception to any action of the Government calculated to exhaust the gold resources of the country. The Reserve Bank is now guided by a largely elected Board and in case there is a serious disagreement between the elected representatives of the Board and the Government it is not inconceivable that it may lead to far-reaching political repercussions.

While on this subject, the Committee would also suggest that the Government should investigate more closely into the whole question and seek to analyse the causes which act as a premanent strain on the rupee. India is a debtor country for reasons on which it is unnecessary to dwell here. But the result is that in order to meet its annual liability it has to find between Rs. 70 to Rs. 90 crores every year for payment abroad. During the last six years these liabilities have been met largely through the export of gold. Since India is not a large producer of gold, the export of gold cannot be treated as a permanent feature of its foreign trade. In fact, the latest reports show that with the continuous drain of the last 7 years on the gold reserves and savings of the people, the limit has already been reached and exports of gold have practically ceased. It can, therefore, meet its foreign liabilities only with the export of its primary commodities. Unfortunately, even in this sphere of agricultural commodities, foreign countries are trying to become self-sufficient for reasons which are not so much economic as military in their nature. It is clear, therefore, that if India is to discharge its debt, it has to sell its products at most uneconomic prices and even then it may not succeed in fully discharging its liabilities. Such a situation implies that the capital resources of the country are being utilised on current account in order

to pay the debts. The reactions of such a development on the economic condition of the mass of people can only be deplorable.

The Committee do not believe that the function of foreign trade is merely to maintain exports regardless of their effects on the national economy. Foreign trade is not an end in itself and must be co-ordinated to national economic development. Situated as India is, every ounce of foodstuff or any other agricultural commodity that is exported reduces to some degree their consumption by the people themselves. Such exports, therefore, tend to affect adversely the standard of living of the people. Moreover, if the exports are sold also at ruinous prices, the consequences on the economic well being of the people are bound to be disastrous. Nevertheless, it may be found in the end that India's debts would not be completely discharged. It is hardly equitable that debts for which India was neither responsible, nor which were incurred for the benefit of India, should be imposed on her. Numerous illustrations could be cited in support of this claim, but the Committee refrain from doing so at present. The cost of several such items which could and should have been paid by the British Exchequer was imposed on India. The Committee do not suggest or favour any policy of repudiation of debts although they might point out that since the war such a financially strong country as the United Kingdom itself has practically repudiated its debt to the United States. What the Committee submit emphatically is that the time has come for an impartial and thorough examination of the external obligations of India by mutual consent. Unless the debt position of India is completely reviewed and re-adjusted, India will find it increasingly impossible to meet its foreign liabilities. The Committee feel that immediate efforts should be made to co-ordinate India's internal economic development with its export trade on the one hand and its external obligations on the other. If the position is not speedily re-adjusted by reducing these "invisible imports" the Committee apprehend that not only might India be compelled to default but that the strain on its exchange will continue to be so severe that it might become well-nigh impossible to maintain the rupee at any reasonable level.

Letter No. 1384 dated the 11th July, 1938.

From the Chamber to the Government of India, Finance Department.

RE:—Exchange value of the rupee:

I am directed by the Committee to invite your attention to my letter No. 1214 dated the 21st June, 1938, on the above subject. The Committee pointed out in that communication that a policy of the contraction of currency and credit would be highly detrimental to the interests of India.

The Committee regret to find, however, that contraction of currency has already been commenced. It appears that between 27th May and 1st July this year, about Rs. 3 crores of the Paper Issue has been contracted and that about Rs. 4 crores of rupee coin have been withdrawn from circulation, so that between the 27th May and 1st July currency has already been contracted to the extent of about Rs. 7 crores.

So far as the sterling resources in the Issue Department of the Reserve Bank are concerned, about Rs. $1\frac{1}{2}$ crores were used up before the 27th May, 1938. But between that date and the 1st of July this year sterling resources in the Issue Department have gone down from about Rs. $78\frac{3}{4}$ crores to about Rs. 72 crores, i.e., to say sterling resources in the Issue Department have been depleted to the extent of about Rs. $6\frac{3}{4}$ crores in about one month.

While on the subject of the depletion of the sterling resources for the purpose of maintaining the rate of exchange at an unduly high level, the Committee cannot ignore the fact that the abovementioned figure of about Rs. $6\frac{3}{4}$ crores does not represent the full extent of the depletion of the sterling resources. For, in the Banking Department of Reserve Bank the sterling resources which amounted to about Rs. $27\frac{1}{4}$ crores towards the end of April, 1937, have gone down to about Rs. $3\frac{1}{2}$ crores on the 1st July, 1938. It is apparent that in the Banking Department depletion of the sterling resources amounts to as much as nearly Rs. $23\frac{3}{4}$ crores.

Thus the total depletion of the sterling resources that has already taken place amounts to over Rs. 30 crores, but if the rate of progress of the utilisation of the sterling resources for the purpose of maintaining the exchange be as revealed from the figures of 27th May and 1st July this year, viz., at the rate of Rs. 5 crores per month i.e.,

about Rs. 60 crores per year, it inevitably follows that at this rate in about 12 months' time not only will the total sterling resources be almost exhausted but that the contraction of currency and credit will have so adversely affected the price of commodities that the economic condition of the country in every direction will be seriously jeopardised.

In such circumstances, the Committee have again to urge upon the Government the immediate necessity of abstaining from the policy of contraction of currency and further of an immediate examination of the public debt position of India without which it will not be possible to maintain the rate of exchange at any reasonable level.

DEPOSIT OF SECURETIES IN BURMA BY INDIAN LIFE ASSURANCE,
COMPANIES.

Letter No. 01713 dated the 31st August, 1938.

From the Chamber to the Government of India, Commerce Department.

The attention of the Committee of this Chamber has been drawn to the fact that the Notification dated the 1st December, 1937 issued by the Government of Burma exempting Indian Life Assurance Companies operating in Burma from making fresh deposits as required by section 4 of the Life Assurance Companies Act, having expired on the 1st April 1938, Indian Life Assurance Companies are required to deposit amounts prescribed under that section though the Companies concerned have already kept such deposits with the Government of India. The Committee would point out that such a requirement is against the spirit of the Indo-Burma Trade Convention which assured that the *status-quo* will be maintained as regards commercial relations between the two countries. The Committee would further state that United Kingdom Life Assurance Companies in Burma have been exempted under section 33 of the Life Assurance Companies Act from the requirements under section 4 of the act. Under section 46 of the Government of Burma Act 1935, however, United Kingdom Companies and Indian Companies have been placed on an equal footing and the Committee, therefore, fail to see any reason why Indian Companies should not be exempted in a similar way.

The Committee appreciate that certain Burmese Life Assurance Companies operating in India would be required to pay the deposits under section 7 of the Indian Insurance Act 1938 even though these

Companies might have paid deposits in Burma, and the Government of Burma might be therefore reluctant to exempt Indian Companies from the obligation of making fresh deposits in Burma. The Committee would, therefore, suggest that the Government of India should negotiate with the Government of Burma at an early date with a view to arrive at a reciprocal arrangement by which Indian as also Burmese Assurance Companies would not be required to make fresh deposits in Burma and India respectively, when once they have complied with the provisions of the Insurance Acts in this respect in their own countries.

The Committee trust that the matter would receive early attention of the Government.

DRAFT CEYLON ORDINANCE FOR INSURANCE BUSINESS IN CEYLON.

Copy of letter No. 02692 dated the 21st December, 1938.

From the Chamber to the Government of India, Department of Commerce.

The Committee of the Indian Chamber of Commerce, Calcutta, understand that the Government of Ceylon have under their consideration a Bill to regulate the conduct of business of Insurance. The Committee find on a reference to the provisions of the Draft Ordinance that Indian Insurance Companies carrying on or intending to carry on business in Ceylon would be required to make deposits there in addition to the deposits which they might have made in India under the Insurance Act. Moreover, whereas even companies incorporated in the United Kingdom have been given special treatment along with companies established or incorporated in Ceylon itself as regards making the deposits in various instalments, Indian Companies have been classed with other foreign concerns and are excluded from such consideration.

The Committee need hardly point out that the deposits required to be made under the Insurance Act in this country, and under the proposed law in Ceylon (which provides practically for the same amount of deposits as in India) being very heavy, it would place a great handicap in the way of Indian Insurance Companies doing business in Ceylon if they are required to make the deposits both in this country and also in Ceylon. As the Government will appreciate, India and Ceylon being contiguous, and, for all practical purposes, being parts of the same sub-continent having long and close economic

relations there should be no barriers and handicaps for trade and commerce between these two countries, as far as possible. The concession given to companies incorporated in the United Kingdom shows that the question of reserving Ceylon's business for companies incorporated in Ceylon is not the sole consideration and there is no reason why mutual arrangements should not be arrived at between the Governments of India and Ceylon to enable Indian Insurance Companies to have a share of the business. The Committee are aware that the Indian Insurance Act as it stands does not provide for making of such exemption but in view of the importance of the matter, the Committee suggest a suitable modification of the law whereby the Government of India could enter into reciprocal arrangements with the Government of Ceylon in order to provide that Indian companies who have made deposits in this country should not have to make additional deposits and vice-versa in respect of Ceylon Companies.

RAILWAYS

SHORTAGE OF WAGONS FOR COAL.

Telegram dated the 12th January, 1938.

From the Chamber to the Railway Board.

Committee Indian Chamber Invite attention to great shortage of wagons for loading coal in coal areas stop not only coal trade experiencing considerable difficulty owing this shortage but many factories Threatened with closure stop committee understand coal for South Indian Railway which was previously shipped now being sent by rail resulting in blocking large number of wagons committee also understand large number of wagons unnecessarily detained in docks waiting for arrival ships stop committee strongly urge Railway Board take immediate steps to provide adequate supply of wagons to coal areas to relieve coal trade and industries indchamb.

Copy of letter No. 6871-T. dated the 22nd January, 1938.

From the Railway Board, to the Chamber.

RE:—Coal Supplies.

With reference to your telegram dated the 12th January, 1938. I am directed to state that your Committee's suggestion for diverting to

the sea route consignments of coal intended for the South Indian Railway has been examined, but it is not considered that there is sufficient justification at present for such action to be taken.

In this connection, I am to say that the steps already taken to meet the situation that has been created by the present abnormal demand for stock has resulted in 5,000 more wagons now being available on the East Indian Railway than at this time last year.

I am, however, to assure your Committee that the situation continues to be closely watched, and that further measures are in hand to ensure that all demands are met to the fullest possible extent.

Letter No 00257 dated the 3rd February, 1938.

From the Chamber to the Railway Board.

I am directed to invite reference to your letter No. 6871-T. dated the 22nd January, 1938, in reply to my telegram re: shortage of wagons for coal supplies. The Committee note that steps have been taken to meet the situation as regards shortage of wagons.

The Committee have also carefully gone through the note on Wagon supplies on the East Indian Railway system sent to the Indian Colliery Owners' Association by the Agent of the Railway. The Committee are, however, still receiving complaints about the shortage of wagons and they trust that the Board will make further adequate arrangements, if necessary, so that all demands for wagons are satisfactorily met.

Copy of letter No. 1090 dated the 1st June, 1938.

From the Chamber to the Railway Board

RE:—Supply of Coal Wagons.

I am directed to refer to the correspondence resting with your letter No. 6871-T. dated the 10th February, 1938, in the above matter. Early this year, the Committee of the Chamber had occasion to invite your attention to the serious difficulties experienced by Industrial concerns as a result of a considerable shortage in the supply of wagons for coal traffic from collieries to the consuming centres, and

they were assured by you that the situation was being closely watched and that further measures were in hand to ensure that all demands for coal wagons were met to the fullest possible extent.

The Committee regret to note that complaints are still being received from members regarding insufficient supply of coal wagons. As a matter-of-fact, the shortage of coal in certain centres, as a result of inadequate supply of wagons, has assumed serious proportions. The Committee are informed by Messrs. Birla Bros. Ltd. that there is a fear of their mills at Delhi, Gwalior and Okara having to stop work for want of coal. The Committee regret to note that the situation with regard to adequate supply of coal wagons has not yet improved and that the shortage is continuing even now, in spite of the fact that the 'Busy Season' for coal traffic is over. They trust that the matter will receive immediate consideration of the Railway Board, so that no difficulty may be experienced by Industrial concerns in getting regular supplies of coal from the collieries. I shall be glad to hear from you in reply, at an early date.

Copy of letter No. 6871-T. dated the 18th June, 1938.

From the Railway Board, to the Chamber.

RE:—Supply of Coal Wagons.

I am directed to acknowledge receipt of your letter No. 01090 dated the 1st June, 1938, and to express regret that this was not done earlier. I am to add that, as the Committee of your Chamber are no doubt aware, indents for wagons for coal are being met in full practically since the 5th June.

DELAY IN ARRIVAL OF CONSIGNMENTS ON THE EASTERN BENGAL
RAILWAY.

Letter No. 00079 dated the 13th January, 1938

From the Chamber to the Eastern Bengal Railway.

RE:—Delay in arrival of consignments.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta to invite your attention to the inordinate delay which

is being experienced in connection with the transport of consignments over your Railway. The Committee understand that since about three months last, the Mohini Mills, Ltd., have been experiencing considerable difficulty owing to the unusually long time taken in the transportation of her goods. Whereas previously consignments of bales despatched from Kushtia used to take two to five days to arrive at Sealdah, such consignments now are not received at Sealdah even within ten days of their despatch from Kushtia which is only about 111 miles distant. Recently the delay has been much more as several consignments despatched as far back as 24th December, 1937 did not arrive at Sealdah till the 11th instant. I am enclosing herewith a schedule in respect of several consignments booked from Kushtia to Sealdah in support of the above complaint. The Committee are at a loss to understand why the arrival of consignments from Kushtia to Sealdah should take such a long time when goods despatched from as far distant as Bombay arrive in Calcutta in about a week's time. Even on your Railway as pointed out above, consignments despatched from Kushtia used to arrive at Sealdah in two to five days time and the Committee are not aware as to the reason of the inordinate delay which is now being experienced since the last few months. The Committee need hardly emphasise that this delay in the transportation of goods causes considerable inconvenience and also loss at certain times, to the trading community and they trust that you will kindly give the matter your immediate consideration and take necessary steps to ensure that such in-ordinate delay does not occur in the transportation of consignments in future.

An early reply will oblige.

REBATE ON COTTON BOOKED TO CAWNPORE.

Letter No. 00254 dated the 3rd February, 1938.

From the Chamber to the Railway Board.

In continuation of my letter No. 2246 dated the 30th December, 1937, re: Rebate of 20 per cent in the freight rates for cotton consigned to Cawnpore, I am directed to state further that the Committee understand that the N. W. Railway have since extended the rebate arrangement to traffic over their Railway booked to Delhi Subzimandi, and Delhi Kishanganj on the same terms and conditions as in the case of Cawnpore. The Committee would like to point out that there is considerable traffic of cotton to Morar Road and an extension of the

concession to cotton consigned to Morar Road is, therefore, very necessary. The mills at Delhi otherwise would have an undue advantage over the mills at the latter station.

The Committee are further of the opinion that the concessional rates should also be granted for *kapas* as at present they are confined to cotton only.

The Committee trust that the Board would accept the suggestion mentioned above.

Copy of letter No. 7146-T. dated the 17th February, 1938.

From the Railway Board, to the Chamber

RE:—Rates for cotton.

I am directed to acknowledge the receipt of your letter No. 00254 dated the 3rd February, 1938 and to state that a copy thereof has been forwarded to the Agent, North Western Railway for reply to you direct.

Copy of letter No. 69-R/15 dated the 7th March, 1938.

From the North Western Railway to the Chamber.

RE:—Rebate on cotton.

With reference to your letter No. 00254 dated the 3rd instant, to the Secretary, Railway Board, New Delhi, which has been sent to this office for disposal, I beg to state that it has been decided to allow a rebate of 20 per cent of the freight charges on cotton (raw), full pressed, booked to Morar Road, subject to the same conditions as are applicable in the case of bookings to Cawnpore and the firm concerned have agreed to accept the same.

No rebate is at present allowed on freight charges on consignments of cotton with seed booked from stations on this Railway to Cawnpore and Delhi and it is, therefore, not proposed to allow the same on traffic booked to Morar Road.

Letter No. 00673 dated the 26th March, 1938.

From the Chamber to the North Western Railway

I am directed to invite reference to your letter No. 69-R/15 dated the 7th March, 1938 regarding rebate on cotton. The Committee are thankful for your extending the rebate to cotton booked to Morar Road, subject to the same conditions as are applicable in the case of bookings to Cawnpore.

They would, however, like to point out that such rebate should also be given to cotton booked to stations in Bengal. As a result of the concession which has been granted to the Cawnpore Mills, a situation has arisen in which it is possible for the Cawnpore Mills to compete in the Calcutta market with piece goods manufactured here out of Punjab cotton, for the rate for cotton from Punjab to Cawnpore cum the rate for piece goods from Cawnpore to Calcutta is now lower than the freight rate for cotton booked from Punjab stations to Calcutta. A handicap has thus been placed in the way of the Bengal Mills using Punjab Cotton and the Committee therefore strongly urge that the concession given to mills at Cawnpore should also be extended to cotton traffic booked to stations in Bengal. They need hardly point out that such a measure would further relieve the agriculturists in the Punjab and give more traffic to the railways also.

The Committee trust that your railway will give immediate consideration to this matter and extend the concessions to Bengal stations also.

Copy of letter No. 69-R/29 dated the 8th April, 1938.

From the North Western Railway to the Chamber.

RE:—Rebate on cotton.

Your letter No. 00673 dated the 26th March, 1938.

The circumstances under which a rebate has been granted in the case of cotton (raw), full-pressed, booked from certain stations on this Railway to Cawnpore do not exist in the case of Howrah and I regret, therefore, I cannot see my way to extend the rebate arrangement in bookings to Howrah, as desired.

In this connection it may be added that special rates for cotton have already been quoted from principal cotton booking stations in the Punjab to Howrah and these rates work out lower than the net rates for cotton to Cawnpore payable after allowing rebate plus the rate for piecegoods thence to Howrah as will be seen from the following example :—

1. Cotton (raw) full-pressed at O. R.	From Khanewal to
	Howrah (via Saharanpur)
	per maund.
	Rs. A. P.
	2 8 10
ii. Cotton (raw) full-pressed.	From Khanewal to
	Cawnpore.
	1 7 0 N. W. Railway.
	0 12 6 E. I. Railway.
	<hr/>
	2 3 6
Net rate payable after allowing	
20 per cent rebate	1 12 5
Plus rate for piece-goods from	
Cawnpore to Howrah	1 1 0
	<hr/>
	2 13 5
	<hr/>
	<hr/>

Letter No. 933 dated the 3rd May, 1938

From the Chamber to the North Western Railway.

I am directed to invite reference to your letter No. 69-R/29 dated the 8th April, 1938, regarding rebate for cotton booked to Howrah. The Committee note the example which you have given in your letter about the rates but they have to point out that Khanewal is the only station, the rates to Howrah from which, compare favourably with the concessional rate to Cawnpore plus the rate of piece goods from Cawnpore to Howrah. In fact, as you will be able to perceive from the table enclosed herewith, for bookings from all centres in Punjab except Khanewal, Howrah is placed at a considerable disadvantage if compared to Cawnpore with its 20 per cent rebate. In the 5th and 10 columns of the table, 33 per cent extra freight has been added for comparing the advantages and disadvantages of Cawnpore and Howrah

on the basis of actual weight of cloth manufactured from Punjab cotton. In arriving at this figure of 33 per cent, the Committee have calculated the usual wastage loss in this class of cotton to be about 25 per cent. From raw cotton weighing 100 lbs., 75 lbs. only are available in the shape of yarn for cloth, while the balance of 25 lbs. are wastage. This means that a mill either in Calcutta or in Cawnpore has to pay freight for 100 lbs. of Punjab cotton in order to produce 75 lbs. of yarn. Hence for every 75 lbs. of cotton utilised, a mill has to pay extra freight for 25 lbs. of wastage cotton which is 33 per cent of 75 lbs.

It will be evident from the above that Bengal Mills using Punjab cotton are put to a serious handicap when competing in the Calcutta market with Cawnpore mills using the same type of cotton. The concession given to Cawnpore operates as an undue preference in favour of Cawnpore against Calcutta.

The Committee therefore, strongly urge that the concession granted to bookings to Cawnpore should be extended to bookings to Howrah. The Committee trust that your Railway will give a careful consideration to this important matter.

Copy of letter No. 668-R dated the 19th May, 1938.

From the North Western Railway to the Chamber.

Your letter No. 06033 of 3rd May, 1938.

RE:—Rebate on cotton.

The matter has been reconsidered and in view of what has been stated in para 1 of my letter No. 69-R/29 dated the 8th ultimo referred to by you it is regretted that I cannot see my way to extend the rebate arrangement to cotton (raw), full-pressed booked from certain stations on this Railway to Howrah, as desired.

In this connection I would also refer you to discussion on Subject No. 3 of the Minutes of the 17th informal Quarterly Meeting between the Presidents of the various Chambers of Commerce in Calcutta and the Agents, the B. N., E. B., and E. I. Railways, held on 16th February, 1938.

Copy of letter No 7146-T. dated the 10th May, 1938

From the Railway Board, to the Chamber.

Rates for Cotton to Cawnpore.

With reference to your letter No. 2246 dated the 30th December, 1937, protesting against the rebate arrangement notified by the North Western and East Indian Railways, I am directed to enclose, for information, a copy of the Railway Board's letter No. 7146-T. dated the 5th May, 1938, to the address of the Secretary, East India Cotton Association, Bombay.

(ENCLOSURE TO THE ABOVE LETTER).

Copy of letter No. 7146-T dated the 5th May, 1938.

From the Railway Board to the East India Cotton Association Bombay

With reference to your letter No. 1517/G-411, dated the 22nd November, 1937, conveying your Board's protest against the action of the North Western and East Indian Railways in notifying a rebate of 20 per cent on the freight on cotton booked from stations on certain sections of the North Western Railway, I am directed to state that it is observed objection has been taken:—

- (i) to the rebate being given only on consignments booked to Cawnpore, as it discriminates between various competing centres.
- (ii) to the condition of a minimum weight of 75,000 maunds being despatched within a specified period, as it discriminates between large and small despatchers.

As regards (i) above, I am to say that, whilst the existing arrangement continues in force, the Railways concerned are prepared to allow a rebate on the freight charges for despatches to other centres where conditions warrant it, e.g., Delhi and Morar Road, to which stations the rebate arrangement has since been extended.

In regard to the second point, to which objection has been taken, I am to say that the imposition of the minimum weight condition was coupled with the suggestion that no traffic would be despatched by any other means of transport, and that this condition has commended

itself to several other firms who have entered into a similar agreement as that to which your Association have objected. The arrangement, however, of an experimental nature introduced with the object of testing the possibilities both of regaining to the rail, traffic which had been diverted in increasing quantities to the road and of assisting the cotton trade. The Agents, East Indian, Great Indian Peninsula and North Western Railways will, in due course, review the position and should they find that the results achieved by the rebate arrangement during the current cotton season have not been commensurate with the object for which it was designed, it will be allowed to lapse automatically at the end of August next.

Letter No. 2127 dated the 12th October, 1938.

From the Chamber to the North Western Railway

RE:—Rebate on cotton.

I am directed to invite reference to the correspondence resting with your letter No. 688-R dated the 19th May, 1938, on the above subject. The Committee understand that the 20 per cent rebate on cotton freight from certain Punjab stations to Cawnpore and other centres which was originally granted upto 31st August, 1938, to be effective on the fulfilment of certain conditions has now been permanently incorporated in the special freight rates. The conditions previously attaching the grant of this concession have been abolished and the benefit enjoyed by the up-country mills has thus been perpetuated.

The Committee regret to note that in spite of their repeated representations, the Railway have not so far taken any action in placing cotton consuming centres in Bengal in the same position as Cawnpore, Delhi and other centres which now enjoy special freight rates for cotton. As pointed out in my letter No. 993 dated the 3rd May, 1938, these special freight rates operate as a considerable handicap and amount to an undue preference in favour of Cawnpore and other mills against the textile industry in Bengal. Now that the temporary and conditional concession granted to the up-country mills has been perpetuated, it is essential that the position of the Bengal cotton textile industry should be considered and steps be taken to see that it is not placed at a disadvantage as compared to mills in other provinces.

The Committee shall be glad, if you will kindly re-consider the matter.

An early reply will oblige.

Copy of letter No. 668-R/80 dated the 5th November, 1938.

From the North Western Railway to the Chamber.

Rebate on cotton (raw) full-pressed

Your letter No. 02127 of 12th October, 1938.

The matter has been considered carefully but as already stated in this office letter No. 668-R. dated the 19th May 1938, (in reply to your letter No. 06033 of 3rd May, 1938) it is regretted that I cannot see my way to quote any reduced rates for cotton (raw) full-pressed from stations on this Railway to Howrah, as desired.

FORM OF MONEY RECEIPT ISSUED AT SHALIMAR.

Letter No. 00416 dated the 22nd February, 1938.

From the Chamber to the Bengal Nagpur Railway.

The attention of the Committee of this Chamber has been drawn to the new kind of freight receipts introduced on your Railway for sometime past. The Committee are not aware of the reasons that have induced the Railway to issue this type of receipts but they have to point out that not only is the size of the receipt very small but it does not furnish any information about the consignments. On the receipts issued previously, the name of the forwarding station and the destination and also the Invoice Number and the name of the party were all mentioned. On the receipts given now only certain figures are mentioned but these do not enlighten the merchants in any way. Moreover the receipts being of a small size are liable to be lost easily.

The particular difficulty which the merchants encounter about these receipts is when consignments are booked for more than one party. The Committee have, therefore, to point out that such receipts issued by the Railway are of little use to the merchants and they would, request you to re-introduce the old form of receipt at an early date.

I shall be glad if you will kindly give a careful consideration to the suggestion made above.

Copy of letter No. 7445 dated the 7th April, 1938.

From the Bengal Nagpur Railway to the Chamber.

Your Chamber's request for the re-introduction of the Old Form of Money Receipt.

In continuation of this office letter No. C.4908 dated the 4th ultimo, it is assumed that, in your letter No. 00416 dated the 22nd February, 1938 you are referring to the issue of Money Receipts at our Shalimar Goods Station.

For the information of members of your Chamber, I may state that the unsatisfactory form of Money Receipt, referred to in your above-quoted letter, was issued from a second-hand automatic cash Register Machine temporarily in use at our Shalimar Goods Station, pending the arrival of a new Cash Register Machine specially designed to meet requirements at our Shalimar Goods Depot. This new machine has been brought into use with effect from the 15th ultimo. By the use of this new machine, in addition to indicating the amount of cash for which the receipt is being issued, the number of the receipt and date, the following further particulars are now given in the Revised Form of Money Receipt issued from the new machine, above referred to:—

- A the name of the Consignee
- B the Invoice number and date
- C the station from or to which the consignment referred to in the Invoice number, has been or is being booked.

Moreover, a special receipt is being given in all cases where wharfage or demurrage has accrued, in addition to the receipt relating to the freight charges.

In the light of what is stated in this letter, I think the members of your Chamber may rest assured that the requirements of merchants are now again being satisfactorily complied with, where the issue of Money Receipts at our Shalimar Goods Station is concerned.

Copy of letter No. CZ.33/808 dated the 4th May, 1938.

From the B. N. Railway to the Chamber.

RE:—Money Receipt forms issued at Shalimar.

Your letter No. 00789 of 9th April, 1938 to the Agent, B. N. Railway, Calcutta.

In continuation of our Agent's letter No. C.8192 of 21st April, 1938 I beg to enclose herewith a specimen of the new Money Receipt form which is now in use at our Shalimar Goods Shed, as desired.

Letter No 01076 dated the 31st May, 1938.

From the Chamber to the Bengal Nagpur Railway.

RE:—Money Receipt forms issued at Shalimar.

I am directed to invite reference to your letter No. CZ.33/808, dated 4th May, 1938, enclosing therewith a specimen of the new Money Receipt form now in use at your Shalimar Goods Shed. The Committee have to point out that the quantity of consignment is still not given in the new Money Receipt form. The Committee would therefore be glad to know if any arrangement can be made by which the quantity of the consignment is shown in the Receipts issued by the Railway.

Copy of letter No. CZ.33/808 dated the 7th July, 1938.

From the Bengal Nagpur Railway, to the Chamber.

RE:—Money Receipt forms used at Shalimar.

Your letter No. 01076 dated 31st May, 1938.

In continuation of this office letter No. CZ.33/808 dated 7th June, 1938 I beg to inform that the Money Receipt forms which were being issued before the installation of the Automatic Cash Register at Shalimar had no column for "Quantity or number of packages" and used to render satisfaction to the trading public.

Besides this, in your original complaint No. 416 dated 22nd February, 1938 to the Agent, B. N. Railway, it was not desired that "Quantity and the number of packages" should be inserted in the new Receipts.

In the circumstances I do not consider that it is necessary to add this information in the Receipts. I may also add that writing out this information would mean increase in clerical work.

DELAY IN TAKING DELIVERY OF GOODS INTO BOATS AT SHALIMAR.

Letter No. 00276 dated the 8th February, 1938.

From the Chamber to the Bengal Nagpur Railway.

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by merchants taking delivery of goods at Shalimar for purposes of shipment abroad. The Committee understand that one crane is being used in shed No. 4 in order to unload consignments from railway wagons into boats which then carry the goods to the steamers. Complaints have, however, been received that there is often great delay in transferring the consignments from the wagons to the boats with the result that some times the consignments cannot reach the outward bound vessels in time for shipment. This means a considerable loss to the merchants as they have to wait in such cases for many days before the next vessel is available. The Committee understand that formerly consignments from railway wagons used to be transferred to the boats through coolies and hence the delivery could be expedited at any time if it was necessary but since the replacement of this method by the use of crane which has got a fixed and limited capacity for handling the cargo, the merchants are experiencing delay in getting their goods transferred from the wagons to the boats.

I am therefore directed to request you to kindly look into the matter at your early convenience and take the necessary steps to see that the transfer of consignments from railway wagons to the boats is not unduly delayed. The Committee would also like to suggest that the consignments meant for being exported abroad may be given precedence in being transferred to the boats over other consignments, for example, those meant to be shipped by river to the interior markets, so that the difficulties of exporters who may have to wait as much as

for a fortnight for another vessel to ship their goods in case they miss one, may be minimised. The Committee shall be glad to know the steps you take in this matter.

Copy of letter No. G.26/479/308 dated the 30th April, 1938.

From the Bengal Nagpur Railway to the Chamber.

RE:—Delivery of Goods to boats at Shalimar.

Ref. My letter No. CZ.33/1211 dated 24th March, 1938.

I beg to inform you that I have thoroughly gone into the question of transferring consignments into boats with the help of Electric transporters at Shalimar, and from a census of traffic of 10 days from 21st March, 1938 to 31st March, 1938 I do not find any undue delay having occurred during this period in transferring goods into boats.

If there was any delay in the past in transferring a consignment into boats, it was due to the fact that boats could not be placed underneath the electric transporters during such period when the tide was very low.

Every endeavour is always made by this Administration to avoid delay in transferring goods to boats at Shalimar.

However if you desire to have this matter investigated further, I shall be glad if you will please let me know a few specific cases where abnormal delay has occurred in transferring goods to boats at Shalimar.

AIR-CONDITIONED SERVICE BETWEEN HOWRAH AND BOMBAY.

Copy of letter No. 2228 dated the 25th December, 1937.

From the Chamber to the Railway Board and East Indian and Great Indian Peninsula Railways.

I am directed by the Committee of the Chamber to address you in connection with the proposed introduction of Air-Conditioned coaches on the Indian Railways. The President with certain members of the Committee had an opportunity to have a trial journey in an air

conditioned coach recently organised by the East Indian Railway. While they appreciate the general arrangements in the coaches for the general comfort of the passengers, there are a few points on which they would like to invite the attention of the Board.

Firstly as regards the berths, these have been divided into three parts which are convertible during the day time into chairs. These seats which are convertible during the night into a bed are however, very narrow and consequently uncomfortable for sleeping purposes. The Committee are of the opinion that these berths should be widened by at least nine inches more to allow comfortable sleeping accommodation. The Committee need not reiterate the desirability of widening the berths as suggested, as during a long journey comfortable sleeping accommodation is very essential. Another point which the Committee would like to bring to your notice is that apparently the distance between the lower and upper berths seems to have been reduced so that while sitting in the lower berth the head or head-gear touches the upper berth. The Committee would suggest that if possible the upper berth should be raised a little to allow enough space for unobstructed and comfortable movement while sitting in the lower berth.

As regards the extra charges for travel in Air-Conditioned coaches, while the Committee appreciate the additional comfort provided to passengers by such travel, they are of the opinion that the extra charges which have been announced are very high. The Committee understand that for the journey from Calcutta to Bombay the passenger will have to pay Rs. 26 extra in addition to the first class fare for travelling in an air-conditioned coach. This extra charge comes to about 20 per cent of the existing first class fare which itself is at present fixed at a high level in India. If the charge for the use of air-conditioned coaches is kept at such a high level, it will be a discouraging factor and will take away from the popularity of air conditioned travel in India. On the other hand, if the charge for the same is kept at a moderate level, certain second class passengers would also be induced to travel in Air-conditioned coaches thus increasing the general revenues of the Railways.

The Committee, therefore, feel that if the air-conditioned coaches are to be made popular, which alone would be paying in the long run to the Railways, the extra charges for such travel should be kept at a very reasonable level. The Committee would suggest that the extra charges for a journey from Calcutta to Bombay and vice versa should be reduced at least by 50 per cent i.e., to Rs. 26 for double journey instead of for a single journey as at present.

The Committee trust that the Railway Board will give careful consideration to the suggestions made above both with regard to accommodation and extra charges for travel in air-conditioned coaches."

Copy of letter No 4809-B-379 dated the 8th February, 1938

From the Great Indian Peninsula Railway to the Chamber.

RE:—*Air-conditioned coaches*

In continuation of this office letter No. 4809-B-347 dated the 3rd January, 1938, I am directed to state that the alterations which your Committee suggest, cannot be made to the present coaches. The suggestion has however been recorded and will be borne in mind when any additional air-conditioned coaches are to be built.

Letter No. 00424 dated the 25th February, 1938.

From the Chamber to the Great Indian Peninsula Railway.

I am directed to acknowledge the receipt of your letter No. 4809-B-379 dated the 8th February, 1938, regarding air-conditioned coaches. The Committee, however, fail to appreciate why the alterations suggested by them cannot be made in the present coaches. The Committee would point out that the suggested alterations relate not to the constructions of the carriages but to the accommodation provided therein which can be and should be easily altered to the better convenience of passengers, travelling in these coaches. The Committee appreciate that the proposal would involve some expenses but they are of opinion that the same cannot be such as to preclude any modification of the arrangements in the present coaches. The Committee would, therefore, request you to kindly see that the alterations suggested by them particularly with regard to the widening of the berths are made in the coaches running at present in order to increase the facilities offered in these coaches.

Another point the Committee would like to emphasize is about the surcharge to be paid by the passengers travelling in these coaches. The Committee regret to note that you have not referred to this in your letter under reply. The Committee firmly believe that if air-conditioned service is to be made popular in India, the surcharge

should be considerably reduced. Such a reduction, in the opinion of the Committee would also pay to the Railway in the form of an increased demand for air-conditioned travel. The Committee hope that you will give a very careful consideration to this point.

I shall be glad to have a reply at your early convenience.

Copy of letter No. 4809-B-396 dated the 14th March, 1938.

From the Great Indian Peninsula Railway to the Chamber

RE:—*Air-conditioned coaches.*

With reference to your letter No. 00424 dated the 25th February, 1938, I am directed to inform you that the upper berth in the existing air conditioned coaches cannot be raised, as this would interfere with the air ducts. A proposal for increasing the distance between the lower and upper berths by decreasing the height of the former is, however, under consideration.

With regard to the width of the berths, I am to state that the upper berth is of the same width as in this Railway's Standard I class coaches, and lower berth is only $\frac{3}{4}$ inch narrower. There should not therefore be any cause for complaint in this respect and your Committee's request that the berth should be made 9 inches wider is not understood.

No reference was made in this office letter No. 4809-B-379 dated 8th February, 1938 to your address to the subject of the surcharge as on that question the Railway Board have already replied direct to you to the effect that any proposal for the alteration of the surcharge was premature. As the rate of surcharge is fixed by the Railway Board, this Administration has no further remarks to offer on this point.

Letter No. 00695 dated the 29th March, 1938.

From the Chamber to the G. I. P. Railway.

I am directed to invite reference to your letter No. 4809-B/396 dated the 14th March, 1938, regarding Air conditioned coaches. The Committee appreciate that a proposal for increasing the distance

between the lower and the upper berths by decreasing the height of the former is under the consideration of the Railway. They hope that it will be possible to adjust the berths in such a manner that the inconvenience referred to in my previous letter will be removed.

Regarding the width of the berths the Committee note that the upper berth is of the same width as the upper berth of the standard First Class coaches on your Railway but as regards the lower berth they have to point out that though as you have mentioned it may be only $\frac{3}{4}$ of an inch narrower than the upper berth, it is, as far as the Committee are aware much narrower than the lower berth in the standard first class coaches on your Railway, which are always wider than the upper berths. These narrower berths cause much inconvenience to the passengers and the Committee would, therefore, reiterate their request to kindly see that their suggestions with regard to the widening of the berths are carried out in the coaches running at present.

As regards the question of surcharge for air conditioned service, the Committee are taking up the matter with the Railway Board.

Letter No. 00910 dated the 26th April, 1938.

From the Chamber to the Railway Board.

I am directed to invite reference to my letter No. 250 dated the 1st February, 1938, re: surcharge for air-conditioned service. The Committee regret to note that they have received no reply from the Board as yet in the matter. They would like to point out that the surcharge of one Rupee per 50 miles or part thereof over and above first class fare charged by the Railway for air-conditioned service is decidedly high as compared to the expenses which the railways have to incur for providing air-conditioned service. The Committee would draw your attention to the fact that the B. B. & C. I. Railway have been charging Rs. 5 only as surcharge for air-conditioned travel between Bombay and Delhi. The Committee are aware that recently they have increased the surcharge to Rs. 10 but this will be equivalent to only As. 9 for 50 miles or part thereof. The Committee appreciate that there is a difference in the facilities offered in the airconditioned coaches running on the B. B. & C.I. and the G. I. P. Railways but they would point out that a difference of about seven annas per fifty miles for these extra facilities is unduly high. The Committee

would, therefore, urge the Railway Board to take immediate steps to see that the basis of the surcharge for air-conditioned service between Howrah and Bombay is changed. The Committee believe that a reduction in the surcharge will go a long way in making air-conditioned travel popular and this would also enable the Railways to get higher returns from the air-conditioned service.

The Committee would also draw attention to the fact that there is no air-conditioned service on the Calcutta Delhi Section. Passengers travelling on this section are put to much inconvenience owing to the absence of the facility and the Committee would, therefore, request the Railway Board to arrange for running air-conditioned coaches also between Howrah and Delhi.

The Committee trust the matter will receive your careful and early attention.

Copy of letter No. 38/139/6/S dated the 1st June, 1938.

From the Railway Board to the Chamber.

Air-conditioned services.

With reference to your letter No. 00910 dated the 23rd April, 1938, I am directed to state that, in view of the statement made in the second paragraph of the Railway Board's letter No. 38/139/1/S dated the 26th January, 1938, a reply to your letter No. 00250, dated the 1st February 1938 did not appear to be called for. The Railway Board are aware of the difference in the amount of the surcharge between the Bombay-Calcutta service and the Bombay-Delhi service, but they are satisfied, from the figures they have, showing the extent to which passengers are taking advantage of the air-conditioned service, that the rate of the surcharge on the Bombay-Calcutta service is reasonable and as already stated, they do not purpose to consider a reduction in this rate at present.

With regard to the introduction of an air-conditioned service between Howrah and Delhi, I am to suggest that you address the Agent, East Indian Railway.

Letter No. 01524 dated the 29th July, 1938.

From the Chamber to the East Indian Railway.

I am directed to invite your attention to the necessity of introducing air-conditioned service between Howrah and Delhi. As you may be aware facilities for air-conditioned travel have been introduced between Howrah and Bombay and as also between Bombay and Delhi on the B. B. & C. I. Railway. There is no such facility, however, for passengers travelling between Howrah and Delhi. The Committee of this Chamber believe that if your Railway decide to introduce air-conditioned travel on this section, a large number of passengers will take advantage of the service. The Committee would, therefore, request you to consider this question at an early date and make arrangements for introducing air-conditioned service between these two stations.

Letter No. 01377 dated the 8th July, 1938.

From the Chamber to the Bengal Nagpur Railway.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the absence of Air-conditioned service on your Railway. As you may be aware, the facility of Air-conditioned travel is available on the East Indian Railway between Howrah and Bombay. The B. B. & C. I. Railway have also introduced the facility on their service between Bombay and Delhi. The Committee understand that on both the lines there is a large demand for this facility and increasing number of passengers are taking advantage of it.

The Committee would, therefore, suggest that facilities of air-conditioned travel should be introduced on your Railway also and a beginning may be made with a daily service between Howrah and Bombay. They would also like to suggest that it would be better to introduce the type of corridor coaches in use over the G. I. P. Service between Bombay and Howrah. The Committee have no doubt if this facility is introduced on your Railway, it will be availed of by a large number of passengers.

I shall be glad if you will kindly enlighten me whether the question of the introduction of Air-conditioned service has been

examined by your Railway or is under consideration. In any case, the Committee trust that the suggestion they have made above will receive your careful consideration.

Copy of letter No. C15481/28B/207 dated the 22nd July, 1938

From the Bengal Nagpur Railway to the Chamber.

RE:—Air-conditioned Coaches.

I duly received your letter No. 1377 dated the 8th July, 1938 and would inform you that the above subject is already under investigation at the suggestion of Mr. H. Chew, of Messrs. The Tata Iron and Steel Co., Ltd., Jamshedpur, who is a member of our Bihar and Orissa Local Advisory Committee. Your Chamber will be advised in due course of the decision arrived at in this case.

In the meantime, I would state that programmes for the construction of new rolling stock require the approval both of our Board of Directors and of the Government of India (Railway Board). In other words a final decision on such matters does not rest with me and an early one cannot be looked for in the present case.

Copy of letter No. C18450/28B/207 dated the 30th August, 1938.

From the Bengal Nagpur Railway to the Chamber.

RE:—Air-conditioned Coaches.

In continuation of this office letter No. C15481/28B/207 dated the 22nd July, 1938, and with further reference to correspondence resting with your letter No. 1579 dated the 5th August, 1938, I beg to state that the above subject was discussed at the last Meeting of this Railway's Bihar and Orissa Local Advisory Committee held on 23rd July, 1938. At that meeting, the Members of the Committee concerned were informed that, as the Air-conditioning of coaches was still in the experimental stage in this country (both as regards the method and cost of air-conditioning, as also from the point of view of the popularity of the measure with the public, in view of the additional charges made for the use of air-conditioned coaches) this Administration had decided to await the results of the experiments which are now being made before taking further action.

As already intimated to you in my previous letter, an early decision on this subject cannot be expected.

PROPOSED CHANGES IN THE TIMINGS OF THE 2 DOWN DELHI MAIL
AND 4 DOWN BOMBAY MAIL.

Copy of letter No. OMT 231/A dated the 7th January, 1938.

From the East Indian Railway to the Chamber.

It is with regret that I have to inform you that the punctuality of passenger services which was a special feature of the East Indian Railway has recently deteriorated considerably.

One of the main reasons for this is the psychological effect on the staff of the lamentable accident at Bihta last July. This effect it is hoped will wear off in due course but in the meantime some special steps must be taken to ensure punctuality of trains as far as possible.

Recently I expect it must have been brought to your notice that the punctuality of our mail trains as well as of the suburban trains has not been all that could be desired.

I have given considerable consideration to the alternatives which could be adopted to improve matters. The most suitable alternative appears to be to run 2 Down Calcutta-Delhi Mail via the Howrah-Burdwan Chord the arrival at Howrah remaining as at present. This will give sufficient time for the train to keep to its proper path.

To put 4 Down Calcutta-Bombay Mail between Burdwan and Howrah over the main line via Bandel. At present this train is arriving Howrah late to the extent of about 50 mts. on an average per day. On the revised path that has been worked out the train should arrive Howrah at 9-21 hours against 8.41 as at present but as requisite allowance in the revised path has been made for all the contingencies whereby detentions initially occur, it is hoped that with the adoption of this revised path there should be no cause for this train to run late.

By transposing the above two trains to the different routes the 2 Down Mail would be running ahead of the important Locals on the Howrah Burdwan Chord and the 4 Down Mail would be following the important Locals on the main line via Bandel and as it is hoped

these two trains will have no cause to run late in future the interference caused to the Suburban Services at present should be obviated and their punctuality should consequently improve considerably.

The main points from the public point of view of the scheme are that 2 Down running via the Howrah-Burdwan Chord the halt of this train at Bandel would be abolished but as the traffic to and from Bandel for this train is negligible and as 6 Down Punjab Mail already provides a suitable service this should cause no hardship. The other point is the later arrival of 4 Down Mail train which carries postal mails from Bombay and certain areas served by this railway. The Postal authorities have been consulted They have given us to understand that as this train runs at present their postal service in Calcutta has been considerably disorganised. They therefore welcome the proposal mentioned above of revising the timings of 4 Down Mail with a view to ensuring its punctual running and consider that with the revised arrival of 4 Down it should still be possible to include the mails received by this train in the 10 o'clock delivery from the General Post Office.

Before however adopting this proposal finally I shall be glad to have your views as to whether the change would be acceptable to the members of your Association. At the same time I shall be glad to have a very early expression of your opinion as it is desirable that steps be taken at the very earliest to put things right.

Letter No 00092 dated the 14th January, 1938

From the Chamber to the East Indian Railway.

I am directed to refer to your letter No. OMT.231/A. dated the 7th January, 1938. The Committee are glad to note that the East Indian Railway are moving in the matter of restoring the punctuality of their Passenger service which has, as rightly pointed out by you, considerably deteriorated recently. The Committee agree that it is essential to take immediate steps to ensure punctuality of the trains as far as possible and they hope that the changes proposed to be made by you in the routes and the time table of the No. 2 Down Delhi-Calcutta Mail and the No. 4 Down Bombay-Calcutta Mail will achieve the desired object.

As regards the two main points from the public point of view of the proposed scheme of changes, the Committee agree that the abolition of the halt of the 2 Down Mail at Bandel, as a result of its being diverted to the Howrah-Bandel Chord will not entail any very great hardship on the travelling public, as there are other train connections between the Bandel and Howrah.

The other point about the late arrival of the 4 Down Mail Train, however, raised an important point. Ever since the changes introduced in the Time Table of your Railway from October last, there has been a considerable confusion caused in the delivery of mails in the city of Calcutta. For some months the principal mails of the day used to be delivered as late as 2 or 3 o'clock in certain parts of the city and as such has disorganised the whole office routine of most of the commercial firms. Though, on this fact being brought to the notice of the Railway and the Postal Authorities, certain changes have again been made in the Time Table from the 15th December last, the Committee are constrained to observe that even now the delivery of mails has not assumed its normal aspect and mails are delivered even at present at quite late hours. The Committee have already written to the Postal Department about this matter but they take this opportunity of bringing it to your notice also that in arranging the time table of the important trains arriving at Howrah, adequate care should be taken that the delivery timings of the mails are not interfered with and no delay is caused in the same.

The Committee trust that you have carefully considered the matter, with the Postal Department and hope that any changes in the timings of the important trains will not affect the delivery of mails adversely.

PREFERENTIAL TREATMENT TO EXPORT TRAFFIC ON INDIAN RAILWAYS

Letter No. 00776 dated the 5th April, 1938.

From the Chamber to the Indian Railway Conference Association.

I am directed to invite reference to Bulletin No. 1|1938 issued by the Indian Railway Conference Association on the subject of alleged preferential treatment of import and export traffic. The Bulletin states that

“the basis of Indian Railway Freight policy is often alleged to be to help the export of raw materials and the

import of foreign manufactured goods to the detriment of Indian industry. Some justification for this belief might have existed many years ago when industrial conditions in India were very different to what they are at present and special freight rates were quoted to suit them.....”

but that

“conditions in this respect have materially altered within the last quarter of a century but the allegation that the railway freight rates charged operate to help the export of raw materials and the import of foreign manufactured goods continues to be made, apparently because railway tariffs show a large number of special rates quoted for traffic to and from the ports. Practically all these rates have been influenced by the fact that the ports are the chief distributing centres and incidentally also the more important industrial centres.”

The Committee would, however, like to point that there are still certain special rates in operation on various railways which discriminate in favour of the export of raw materials as against their utilisation within the country for industrial production. Moreover similar rates are not quoted to help the exports of manufactured articles. Even in respect of the example mentioned in your Bulletin regarding rebate over the North Western Railway to wheat for export, the Committee have to mention that the 25 per cent rebate on wheat is granted only for export to countries west of Aden and countries east of Singapore. The Committee understand that this rebate is allowed on all consignments of wheat received in Karachi, provided evidence is produced to show that a similar amount has been exported to countries as mentioned above. As this rebate is specifically on traffic meant for export to foreign countries and not even to Indian Ports, the Committee do not think it can be explained away on the ground that “the ports are the chief distributing centres and incidentally also the more important industrial centres.” Moreover, when such a rebate has been claimed for manufactured goods like flour, atta or bran, that is, on such portion of wheat traffic as is utilised for producing these finished goods meant for export, the Railways have not granted the concessions but have always turned down the request of the Industry. The Committee would point out that as a result of this discriminating treatment of the Railways between export of raw materials and manufactured goods, Indian

flour mill industry has been losing markets like Rangoon and Colombo, which are so close to this country and which are being captured by foreign countries for the supply of wheat flour etc.

Another instance of how the freight system on Indian Railways helps imported foreign merchandise as against the indigenous ones is proved by the fact that the North Western Railway have been giving a rebate of $\frac{2}{3}$ on the freight charges on all goods traffic (except coal) over their Railway exported to or imported from Afghanistan or Iran. A similar rebate of $\frac{1}{3}$ of the freight charges is also allowed over the E. I. Railway and over the B. B. & C. I. and Jodhpur Railways on bookings from Bombay only. The Committee would point out that these concessional rates operate so as to be helpful to imports of foreign goods through the ports of Karachi and Bombay. The fact that over the B. B. & C. I. and the Jodhpur Railways the rebate is given to bookings from Bombay only, proves that the system is not meant to encourage the exports of Indian manufactured goods to these countries but the imports of foreign manufactured goods. It is true that Bombay is an Industrial centre but there are other industrial cities also in the interior. The textile mills at Ahmedabad e.g. would not be able to derive any benefit of these concessional rates. The mills at Cawnpore and other sugar and cement factories in U. P. and C.P. would only get a rebate of $\frac{1}{3}$ on the E. I. Railway while foreign goods and Java sugar etc. would get a rebate of $\frac{2}{3}$ on the N. W. Railway. Such a freight policy has tended to encourage the imports of foreign manufactured goods to be carried over Indian Railways at concessional rates to Afghanistan and Iran, at times even in competition with Indian manufactured goods.

The Committee therefore need hardly point out that there is some substance in the allegation that the basis of Indian railway freight policy has been, and continues in several cases to be, to help the export of raw materials and the import of foreign manufactured goods to the detriment of Indian Industries. The Committee believe that this attitude of the Railways is not conducive to the wider economic interests of the country and they would like the Railways to modify at an early date their tariffs in such a way as would be helpful to the industrial development of the country.

Copy of letter No. 309|13 dated the 29th June|2nd July, 1938.

From the Indian Railway Conference Association to the Chamber.

Your letter No. 00776, dated the 5th April, 1938.

With reference to my letter No. C.309|12, dated the 19th April, 1938, to your address, I beg to say that the substance of your letter referred to above was communicated to the railways concerned, viz., the Bombay Baroda and Central India, East Indian, North Western and Jodhpur Railways and I enclose, for your information, their remarks and should be obliged if you will kindly communicate them to the Members of your Chamber.

(ENCLOSURE TO THE ABOVE LETTER).

Copy of the Remarks of the B. B & C. I., Jodhpur and N. W. Rail-

ways on the points raised by the Indian Chamber of Commerce,

Calcutta vide the Secretary's letter No. 00776, dated

the 5th April, 1938, as forwarded by Indian

Railway Conference Association.

RAILWAYS

REMARKS

B. B. & C. I. I am agreeable to rebate being allowed on traffic to and from other stations on this Railway.

E. I. This railway is only concerned with the point raised in paragraph 3 of the Indian Chamber's letter where the rebate on traffic to and from Iran and Afghanistan is referred to. This rebate is provided for in paragraph 6, page 156 of the E. I. Railway Goods Tariff Part 1 (No. 5) of 1936. The Chamber after stating that on the E. I. Railway a rebate of one-third of the freight and on the N. W. Railway a rebate of two-thirds of the freight is allowed proceed to observe:—

“The Mills¹ (Cotton Mills) at Cawnpore and other Sugar and Cement factories in the U. P. and C. P.

RAILWAYS

REMARKS

E. I.
(Cont.)

would only get a rebate of one-third on the E. I. Railway while foreign goods and Java Sugar etc. would get a rebate of two-thirds on the N. W. Railway."

The Chamber is obviously under a misapprehension. Traffic from E. I. Railway stations to Duzdap, for example, would get a rebate of one-third on the E. I. Railway *plus* a rebate of two thirds on the N. W. Railway. As not merely the total lead but the lead over the N. W. Railway for traffic from E. I. Railway stations is much greater than the lead from Karachi, the net amounts of rebate allowed are substantially greater in the former case than on traffic from Karachi. What the Chamber may have had in mind was that the E. I. Railway should also allow a rebate of two-thirds. This is irrelevant to the topic under discussion. The actual issue is whether the example cited affords grounds for a charge against either the E. I. or the N. W. Railway of preferential treatment of imported traffic. As the identical concessions are allowed by both Railways to all traffic whether imported or of indigenous production the answer is obviously in the negative.

Jodhpur.

I have agreed to allow a rebate of $\frac{1}{3}$ on the freight charges on all goods traffic except coal over this railway exported to or imported from Afghanistan or Iran.

The necessary notification to this effect will appear in our Foreign Rate Circular No. 3 which will be out on 1st June, 1938 and will have effect from 1st August, 1938.

N. W.

The Committee of the Indian Chamber of Commerce, Calcutta have pointed out that there are still certain special rates in operation on various railways which discriminate in favour of the export of raw material as against their utilisation within the country for industrial production. As an instance of this, they have mentioned the rebate over the North Western Railway on wheat to Karachi for export. The Committee go on to say that they do not think that rebate can

RAILWAYS

REMARKS

N. W.

(Cont.)

be explained away on the ground that the ports are the chief distributing centres and incidentally also the more important industrial centres.'

2. The para 5 of the I.R.C.A. Bulletin, it has been clearly stated, however, that the rebate of 25 per cent of the railway freight charges on wheat carried to Karachi for export to ports west of Aden is notified by the North Western Railway with a view to facilitate the export of surplus produce in competition with wheat from other countries and in this particular case, therefore, it is not sought to justify the rates to Karachi on any other grounds such as that mentioned in para. 1 above.

3. In introducing the rebate this railway has in view the prosperity of the country as a whole on which its own well-being as well as that of the industries mainly depends. It is difficult to understand how the export of surplus wheat to foreign countries can affect the Indian flour milling industry. It is extremely doubtful if the flour mills could be able to use all the wheat produced or the country would be any more prosperous if no export of wheat took place.

4. Further as the rebate only applies on wheat exported to countries west of Aden to which little or no wheat flour is exported from Karachi, it does not subject the export of flour from Karachi to any undue disadvantage. It cannot, therefore, be contended that the rebate granted by the North Western Railway on wheat exported to countries west of Aden has caused the alleged loss to the Indian flour milling industry of markets like Rangoon and Colombo or that the withdrawal of rebate would affect any improvement in the situation with regard to export of wheat flour to these markets.

5. The figures of export of wheat flour from Karachi also show that the rebate on wheat has not in any way operated against the export of flour and while there has been improvement in the export of wheat, not to any large extent due to rebate, during the past two

RAILWAYS

REMARKS

N. W. years or so, there has also been an attendant increase
(Cont.) in the export of flour during this period.

*Wheat flour exports from Karachi to foreign
countries.*

Year	Tons	Total
1928-29	33,969	62,004
1929-30	26,478	58,431
1930-31	26,498	66,468
1931-32	24,858	74,733
1932-33	13,559	66,420
1933-34	6,180	65,785
1934-35	5,809	74,785
1935-36	3,563	76,433
1936-37	12,914	74,504
1937-38	35,165	79,214
(April-February)		

The total tonnage exported during 1937-38 (up to February) as well as the exports to foreign countries are greater than during any of the previous years. This does not shew that the flour exports have suffered in recent years or that there is any serious need for extending the rebate on wheat also to wheat flour.

6. With regard to the second instance given by the Chamber, of how the freight system on Indian Railways helps imported foreign merchandise, so far as the North Western Railway is concerned, it may be stated that the rebate of two-thirds freight charges on traffic exported to Afghanistan or Iran was adopted over this Railway to encourage exports from India to Afghanistan and Iran and is given on all goods booked from all stations and that it applies also to imported goods booked from ports is merely incidental. It is, therefore, incorrect to say that the rebate gives greater advantage to imported goods. As an example, on sugar booked from Karachi to Nok-Kundi for export to Iran the rebate given by the North Western Railway, which is applicable to imported sugar, is Re. 0-14-7 while on sugar booked

RAILWAYS

REMARKS

N. W
(Cont.)

from sugar factories in U. P. via Ghaziabad, two-thirds rebate of North Western Railway's proportion of the freight charges alone comes to Rs. 1-5-11. This shews that rebate is more favourable to the indigenous product.

7. In none of the cases cited by the Chamber can the freight policy of the North Western Railway be said to discriminate in favour of the import of foreign manufactured goods or the export of raw material to the detriment of Indian Industries. On the contrary a very large number of special rates have been quoted to help the Indian industries and to enable them to compete with foreign products by quoting rates on a basis appreciably lower than that applicable from the ports. In the particular case of sugar for instance, special rates have been quoted from sugar factories in booking to Karachi and to internal stations to enable the indigenous product to compete with foreign sugar while the ordinary classified rates apply in booking from Karachi. For cement the North Western Railway has quoted C|L Schedule rate in booking from cement manufacturing centres while a higher C|J rate is quoted in booking from Karachi. Special rates are in force for iron and steel from Tata-nagar and for glass manufactures from internal manufacturing centres. Every possible assistance is further given to indigenous industries in the way of reduced freight rates on raw materials and the finished products and it is incorrect to state that the general basis of the North Western Railway's freight attitude is not conducive to the wider economic interests of the country.

8. In several cases special rates have also been quoted to Karachi for manufactured articles, such as cigarettes, colours and dyes, paints and varnishes, straw and mill Board, stoneware jars, sugar, turpentine, etc., for the last mentioned articles the rates being quoted merely to help export to foreign countries. It cannot be, however, denied that the export of manufactured articles generally from India to foreign countries is a distant possibility so far. On their part the railway are, however, continually adjusting their rates to the altered fiscal conditions of the country and it is their constant

RAILWAYS

REMARKS

N. W. endeavour to meet as far as possible the requirements
(Cont.) of the trade and industry consistent with a sound
financial policy.

INDIAN RAILWAY (AMENDMENT) BILL

Copy of letter No 8-30 T.R dated the 9th May, 1938.

From the Government of Bengal, Communications and Works

Department, (Railway) to the Chamber.

I am directed to forward herewith a copy each of the Indian Railway (Amendment) Bill (Insertion of new section 42B) and the extracts from the Legislative Assembly Debates dated the 9th February, 1938, on the Bill and to request you to be so good as to furnish this government with an expression of your opinion on the provisions of the Bill.

Letter No. 01580, dated the 5th August, 1938.

From the Chamber to the Government of Bengal, Department of

Communication & Works, (Railway).

I am directed to invite reference to your letter No. 8-30. T.R. dated the 9th May, 1938, inviting the views of the Chamber on the Indian Railway (Amendment) Bill. The Committee note that the Bill is intended to remedy an omission in the Indian Railways Act, 1890 (as amended), by inserting a new section 42B which would empower the Federal Railway Authority to prescribe maxima and minima rates and fares for Railways in India. The Committee further note that the Government of India have, exercised this power over all the Railways in India, irrespective of whether they are owned or managed by them or by private companies or by Indian States, Local Authorities or Provincial Governments. The Committee are, however, not aware if any difficulty has been experienced by the Government of India during the last 48 years in this respect. Moreover, this power is proposed to be given to the Federal Railway Authority which does not exist at present. As long as the statutory Railway authority has

not come into existence, and facts about its relations with the Federal Legislature not known, the Committee believe it is hardly necessary to rush through such a measure proposed to empower the Authority with the right of fixing the maxima and minima rates and fares.

In view of the fact that the Indian Railways Act has worked without any difficulty for over half a century, the Committee are of the opinion that no immediate occasion has arisen for its amendment. The Committee are, therefore, opposed to the amendment of the Indian Railways Act, 1890 as proposed.

MUNICIPAL TAXES FOR PLOTS AND BUILDINGS AT THE
SHALIMAR COAL DEPOT.

Letter No. 991, dated the 14th May, 1938.

From the Chamber to the Bengal Nagpur Railway.

The Committee of this Chamber have received certain complaints from holders of plots at Shalimar Coal Depot. regarding Municipal taxes, cesses, etc., charged to them by your Railway. The Committee are given to understand that, according to the terms of the agreement, the holders are to pay to the Railway all local and municipal taxes as are actually levied by the Municipality in respect of the plots of land and buildings, if any, erected on them. The Committee are further informed that the Railway however realise from the merchants more than the actual amount of tax recovered from the Railway by the Municipality. Messrs. Anandji Haridas & Co., who occupy plot No. 40 and Office Plots No. H and I at 94, Foreshore Road, have informed the Chamber that they are charged by the Railway Rs. 36|2|- per quarter as Municipal tax on account of erection of corrugated iron sheds on the plots occupied by them even though the Howrah Municipality actually realise Rs. 9|3|- per quarter only from the Railway for the same. The Committee will be glad if you kindly enlighten them about the exact position in the matter and let them know the actual amount of taxes charged by the Howrah Municipality for the corrugated iron sheds, as also the amount of tax realised by the Railway from the merchants for the same.

Messrs. Anandji Haridas & Co., have further stated that the Railway have charged them Rs. 102|2|- per Bill No. 214|J dated the

5th June, 1937, as the difference between the old Municipal rate and the revised Municipal rate which came into operation from the 1st April, 1935. According to Messrs. Anandji Haridas & Co., even though the enhanced rate came into effect from 1st April, 1935, they were not informed of the same by the Railway and they came to know about it only from the Bill demanding the difference between the old and the new rates which was submitted to them after a period as long as two years. The Committee fail to understand why the Railway did not immediately impart the information about the enhancement of rates to the holders who were ultimately to pay the revised rates and submitted a bill for the difference between the old and new rates after such a long time. Such a long delay, the Committee need hardly emphasise, causes great annoyance and inconvenience to the merchants in their calculation of liability and adjustment of accounts. The Committee would therefore request you to kindly enquire into the matter and enlighten them regarding this point also at an early date.

Copy of letter No. A. 11196, dated the 30th May, 1938.

From the Bengal Nagpur Railway to the Chamber.

RE:—Municipal Taxes.

B. N. Railway Coal Depot at Shalimar.

With reference to your letter No. 00991 dated the 14th May, 1938. I beg to inform you that it is correct that according to the terms of the agreement under which the plots of land at the B. N. Railway Shalimar Coal Depot are allotted to merchants, the occupiers are required to pay to the Railway all local and Municipal taxes as are actually imposed by the Municipality in respect of the plots of land and buildings, if any, erected by the plot holders. It is however not correct that the Railway realises from the plot holders more than the actual amount of taxes recovered from the Railway by the Municipality.

Regarding the case of Messrs. Anandji Haridas & Co., referred to in your letter, I beg to inform you that the sum of Rs. 36|12|- per quarter (not 36|2— as stated in your letter) is in respect of the land occupied by them and not in respect of structures. This firm pays Rs. 9|3|- and Rs. 3|9|- per quarter as Municipal taxes in respect of the

structures erected by them on plots Nos. 40 and H. and I. in addition to the tax for land.

Regarding the bill for Rs. 102|2|- as the difference between the old Municipal rate and the revised municipal rate which came into operation from 1st April, 1935, after protracted correspondence between the Municipality, the Calcutta Port Commissioners and the B. N. Railway, it has now been definitely settled that taxes for the B. N. Railway, Shalimar Coal Depot (which is actually the property of the Calcutta Port Commissioners) should with effect from 1st October, 1933, be assessed under the Calcutta Port Act, and that the B. N. Railway should pay only the occupiers' share of the tax to the Calcutta Port Commissioners in respect of the whole area occupied by it, and not to the Howrah Municipality in respect of the plots occupied by the plot-holders. It has been further agreed that taxes in respect of both owners' and occupiers' shares on structures should be paid by the B. N. Railway. The Calcutta Port Commissioners have, however, agreed to waive their claim from the B. N. Railway in respect of the occupiers' share of the tax on land only for the period from 1st October, 1933 to 31st March, 1937. The plot-holders at the B. N. Railway Coal Depot will therefore have to pay only the owners' and occupiers' share of taxes in respect of structures erected by them for the period from 1st October, 1933 to 31st March, 1937, and that the taxes in respect of the land paid during this period will be either refunded to them or adjusted towards the Railway's dues from them.

Under the new arrangement, the plot-holders at the Shalimar Coal Depot will with effect from 1st April, 1937, have to pay the occupiers' share of taxes in respect of the land and the owners' and occupiers' share of taxes in respect of the structures.

Messrs. Anandji Haridas & Co. will be required to pay taxes as under:—

(1) For structures on plot No. 40 at Rs. 10|3|3 per quarter from 1st October, 1933 to 31st March, 1934, at Rs. 9|3|- per quarter from 1|4|34 to 31|12|36, and at Rs. 9|5|- per quarter including Bridge Tax from 1st January, 1937.

(2) For structure on plots Nos. H & I at Rs. 3|9|- per quarter from 1st April, 1935 to 31st December, 1936, and at Rs. 3|10|- per quarter including Bridge Tax from 1st January, 1937.

(3) For land-plot No. 40—from 1st April, 1937, Rs. 9|15|- per quarter.

(4) For land-Plots H & I—from 1st April, 1937 -|12|- per quarter.

I am advising the Chief Auditor, B. N. Railway to refund to the plot-holders or to adjust towards Railways dues, if any, the amount of taxes recovered from them on account of land for the period from 1st October, 1933 to 31st March, 1937 and the amounts subsequently recovered in excess.

Copy of letter No. 01591 dated the 6th August, 1938.

From the Chamber to the Bengal Nagpur Railway.

I am directed to invite reference to your letter No. 11196 dated the 30th May, 1938 regarding Municipal taxes for plots of lands and buildings at the Shalimar Coal Depot. It is stated in your letter that Messrs. Anandji Haridas & Co., have to pay Rs. 36-12 per quarter in respect of the land occupied by them and Rs. 9-3 and Rs. 3-9 per quarter as municipal taxes in respect of the structures erected on plots Nos. 40 and H. and I in addition to the taxes for land. The Committee, however, learn that Messrs. Anandji Haridas & Co., were charged Rs. 36-2 as municipal taxes on account of erection of C. I. Sheds on these plots by your Bill No. 214/JN dated the 5th June, 1937. I am enclosing herewith a copy of the Bill for your information.

It is also mentioned in your letter that the plot holders at the B. N. Railway Coal Depot will have to pay only owners' and occupiers' share of taxes in respect of structures erected by them for the period from 1st October, 1933 to 31st March, 1937 and that the taxes in respect of the lands paid during this period will be refunded to them or adjusted towards the railways dues from them. The Committee are, however, informed by Messrs. Anandji Haridas & Co., that they have not been advised by the railway as yet about such a refund or adjustment.

In para 5 of your letter the taxes to be paid by Messrs. Anandji Haridas & Co., are enumerated. It is stated that they will have to

pay at the rate of Rs. 10-3-3 per quarter for structures on plot No. 40 for the period from 1st October, 1933 to 31st March, 1934. Messrs. Anandji Haridas & Co., are, however, informed by the municipal Commissioners of Howrah that the consolidated rate for the holdings Nos. 94-19, 94-40 Foreshore Road Upper is only Rs. 9-3 per quarter. A copy of the letter received from them by Messrs. Anandji Haridas and Company is enclosed herewith. I shall be glad, therefore; if you will kindly make the necessary enquiries in the matter and let me know the result at your early convenience.

Copy of letter No. A.23719/46/5 dated the 14th November, 1938.

From the Bengal Nagpur Railway to the Chamber.

RE:—Municipal taxes B. N. Railway Coal Depot, Shalimar.

In reply to your letter No. 2227 dated the 27th October, 1938 I beg to inform you that a Pay Order for a sum of Rs. 1,299|15|—refundable to Messrs. Anandji Haridas has since been issued by the Chief Auditor, Bengal Nagpur Railway. The Cheque for the amount will be sent to them shortly. An intimation to this effect has also been sent to the Firm by the Chief Auditor, Bengal Nagpur Railway.

SECOND CLASS COMPARTMENTS ON THE B. & N. W. RAILWAY.

Letter No. 01583 dated the 6th August, 1938.

From the Chamber to the Bengal and North Western Railway

The attention of the Committee of this Chamber has been drawn to the inconvenience caused to passengers travelling in the second class compartments on your railway. The Committee are given to understand that second class compartments leak during the monsoon and the baggage of passengers often get damaged. The Committee also learn that the lavatories too are not kept in proper order. The Committee need hardly emphasise that the second class passengers experience a number of difficulties on account of such old coaches and they trust that your Railway would make early arrangements to replace these coaches by new ones.

Copy of letter No. 7391/T/8-8 dated the 20th/22nd August, 1938.

From the Bengal and North Western Railway to the Chamber.

I am in receipt of your letter No. 01583 dated the 6th instant and shall be glad if you will kindly quote specific cases where the 2nd class compartments of this Railway have been found to leak during the monsoon and which particular carriages have been found to have their lavatories not in proper order.

UNDUE DELAY IN THE TRANSIT OF SHELLAC TRAFFIC.

Letter No. 01366 dated the 5th July, 1938.

From the Chamber to the East Indian Railway.

The attention of the Committee of this Chamber has been drawn to the fact that of late undue delay is experienced in conveyance of shellac from up-country stations to Howrah. As a result of the delay shellac gets blocky during the transit and the merchants are put to losses. The Committee understand that the matter has been often brought to the notice of the Railways and the B. N. Railway are already treating this commodity as "express cargo," transporting the goods from places like Jhalda, Ranchi and other stations in Manbhum district to Howrah, in about 24 hours, especially when a full wagon load of consignment is booked. The Committee regret to note that your Railway have taken no action of the representations of merchants and consignments booked from Pakur and Kotalpukur stations which are hardly about 150 miles distant, usually take 4 to 5 days to reach Calcutta. The Committee understand that at times as long as 8 days are taken to transport the consignments to Howrah.

In view of the difficulties experienced by merchants dealing in shellac as a result of the commodity getting hardblocked, especially in summer and monsoon months, the Committee would be glad if your Railway take early steps in the matter and treat the commodity as "express cargo." An early reply would oblige.

Copy of memo. No. OMS. 630 PI dated the 12th July, 1938.

From the East Indian Railway to the Chamber.

RE:—Transit of Shellac Traffic.

I beg to acknowledge receipt of your letter No. 01366 dated the 5th instant addressed to the Agent, E. I. Railway, and to intimate that the matter is receiving immediate attention.

18TH INFORMAL QUARTERLY MEETING.

Letter No. 1636 dated the 15th August, 1938.

From the Chamber to the Indian Tea Association.

I am directed to invite your attention to the question of the grant of concessional rates on certain conditions to green tea in bags similar to the rates applied to tea in chests. The subject was discussed at the last Informal Quarterly Meeting which is held every quarter between the Agents of Railways and the Representatives of the various Chambers and it was stated there on behalf of the Railway that they will consider the matter further if the various trade interests agreed on the point.

As you are aware, the Indian Railway Conference Association decided in 1935 that tea packed according to Railway's packing conditions in chests should be charged at the special concessional rates in force on certain Railways and tea packed in bags should be charged at the 9th Class rate which is a much higher rate. This arrangement was arrived at only with a view to penalise internal traffic in tea waste, so that the chances of good tea being mixed with waste are minimised.

This arrangement has, however, adversely affected the trade in green tea which is grown and marketed for genuine trade purposes but which cannot bear the additional expenses to be incurred in packing in chests. Green tea despatched in bags is made to pay an increased freight which amounts to as much as 50 per cent. It is hardly necessary to point out that there is a growing production of and market for green tea. Even at present when there is a substantial difference in the cost and weight of double bags and chests, the traffic in green tea packed in chests has, as pointed out by the E. B. Railway, in the

note submitted to the Informal Quarterly Meeting increased evidently in order to avail of the concessional rates, and the Committee have no doubt that if concessional rates are extended to traffic consigned in bags, there is a possibility of further development of trade in green tea. The fact that the quantity of tea sold under private contract increased from 2000 maunds in 1935-36 to about 10,000 maunds in the present year will further substantiate this contention. The Committee appreciate that packing in chests is desirable from the view point of the Railway but as pointed out by the Railway themselves in their letter dated the 4th September, 1937 addressed to your Association "to suggest that these dealers should now agree to the packing conditions and use chests in place of double bags is not likely to be a practical solution" as "the difference in the cost and weight of double bags and chests will make a substantial difference."

The Committee learn from the letter dated the 30th September, 1937 addressed by your Association to the E. B. Railway that your Association apprehends that if concessional rates are allowed to green tea consigned in bags, it will encourage traffic in tea waste which will be declared as a green tea and such evasions would defeat the policy of restricting the traffic in tea waste and therefore prove a threat to the prosperity of the tea industry. While the Committee appreciate the necessity of restricting traffic in tea waste, they do not agree with your contention. In their opinion, this difficulty can be overcome if the Calcutta Brokers who sample and inspect all tea delivered at the Tea Warehouses at Kidderpore issue a certificate about the kind of tea. On the strength of such certificates, the Chambers of Commerce at Calcutta can undertake to give an assurance about the consignment being genuine green tea, made and despatched under terms of trade contracts. Such certificates may then be submitted to the Railway at the close of the season for grant of refund of the freight paid in excess of the concessional rate. The Committee believe that such a procedure would eliminate the possibility of misdeclarations of consignments of tea waste. There appears to be no reason why *bonafide* trade in green tea should be made to suffer on account of certain precautionary measures adopted to prevent tea waste traffic in order to safeguard the interest of the trade in black tea particularly when it is possible to avoid any harm to such interests by the adoption of certain alternative measures. The Committee realise the importance of safeguarding the trade in black tea but they are of the opinion that if the procedure as described above be followed, there would be no difficulty to that trade and the unjustifiable handicap at

present imposed on green tea estates would be removed. The Committee therefore trust that your Association will agree to the adoption of the scheme in the interests of the Green Tea Estates.

An early reply is solicited.

Copy of letter No. 4023/91-O dated the 27th September, 1938.

From the Indian Tea Association to the Chamber.

RE:—Freight rates on tea and tea waste.

I would refer you to your letter No.-01636 of the 15th August, 1938 on the above subject.

The delay in replying to this is regretted but is occasioned by a re-examination of the Association's policy on the question of freight rates on tea and tea waste. This, as you are aware, has a direct bearing on the rates charged for green tea and it has been impossible to reply to your representations until this question was considered. I hope to be in a position in the near future, however, to inform you of the views of the General Committee of this Association on your proposals.

19TH INFORMAL QUARTERLY MEETING.

Letter No. 1991 dated the 20th September, 1938

From the Chamber to the Eastern Bengal Railway

I am directed to invite reference to the discussion held at the 19th Informal Quarterly Meeting between the Chambers of Commerce and the Railways on the subject of opening of the Azimganj bridge over the river Bhagirathi on the E. B. Railway to sugarcane traffic. One of the reasons advanced against opening the bridge to cane traffic was that it will tend to short circuit existing through routes between certain areas of the two Railways and might involve the railways in a loss of revenue. This argument which is very general and may be applied almost in every case of the opening of a new line is hardly convincing as while the opening of the new route may tend to short

circuit the existing through routes, it will certainly also tend to develop new traffic to and from the adjacent areas. For example, the sugarcane traffic itself will be a new traffic as at present the factory does not draw cane from this area owing to long distance by the existing route. In any case the Railways would not stand to lose ultimately. The Committee are further assured by Messrs. Shree Radhakrishna Sugar Mills that it is not their intention to carry bags of sugar manufactured by their Factory over the Bridge but only to bring sugarcane from the other side of the Factory. The Committee, therefore, do not see any reason for the apprehension of the Railway that "a demand would be made to carry back sugar manufactured at the Factory by this route also." About 8 ballast trains pass on the Bridge at present and the Committee feel it will not be difficult to draw all the sugarcane wagons by an engine from Azimganj to Murshidabad and to attach the same to the regular cane traffic therefrom, or as Mr. G. L. Mehta pointed out at the meeting, sugar cane wagons may be attached to the ballast trains. Even if, as you contend, the traffic at present passing over the bridge is the maximum that can conveniently be dealt with by that route, the Committee would emphasise that the possibility of improving the pile structure to make it suitable for this additional traffic should not be overlooked. The Committee believe that the additional expenditure if required would be compensated by the sugarcane traffic from the particular area on the other side of the river and from certain other adjoining districts.

Regarding your suggestion about the proposed construction of a bridge on the river at some point between Azimganj and Puradah junction, the Committee have inquired from the Government of Bengal about the progress of the scheme but it is not expected that the same will materialise within a short time especially in view of the high cost and the fact that a long time has elapsed since the scheme was proposed. As regards the other suggestion about a temporary ropeway at Chowrigacha, the Committee are given to understand that this proposal will involve a far greater expenditure than in bringing wagons over the existing pile bridge.

The Committee would point out that sugarcane is a perishable article and it is not profitable to bring it by any other way than by the shortest available route. Moreover, they believe that the annual expenditure incurred by your Railway in constructing and dismantling the pile bridge will be met to a considerable extent by the income from the cane traffic if the bridge is opened to the same.

In view of what is stated above, the Committee trust that you will re-consider the matter carefully and take suitable steps to open the Bridge to cane traffic as desired, at an early date.

Copy of letter No. 4910/1 P II. dated the 5th October, 1938.

From the Eastern Bengal Railway to the Chamber.

SUBJECT:—Azimganj Bridge.

Reference your letter No. 01991 of 20th September, 1938.

In acknowledging the receipt of your letter under reference the views and arguments contained in which have been noted, I beg to state that this Administration regrets that it is unable to alter its previous decision, which was reached after the careful consideration of all relevant factors.

Copy of letter No. 01911 dated the 13th September, 1938.

From the Chamber to the Government of Bengal, Department of Communications and Works, Calcutta.

The Committee of this Chamber understand that a proposal to construct a bridge on the River Bhagirathi on the Eastern Bengal Railway at some point, between Azimganj and Puradha is under the consideration of the Government of Bengal for sometime past. They would be glad to be enlightened as to how far the matter has progressed and whether any final decision has been as yet taken upon it.

Copy of letter No. 5414C. dated the 19th October, 1938.

From the Government of Bengal, Department of Communications and Works, to the Chamber.

With reference to your letter No. 01911 dated the 13th September, 1938, I am directed to say that permission was already given to the Eastern Bengal Railway authorities to construct a temporary pile

Bridge over Bhagirathi between Azimganj and Jiaganj on certain conditions. Further details if required may be had from the Railway authorities.

REFERENCES FROM THE INDIAN RAILWAY CONFERENCE ASSOCIATION

REGARDING RAILWAY CLASSIFICATION OF VARIOUS ARTICLES.

Letter No. 02013 dated the 21st September, 1938.

From the Chamber to the Railway Board.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the question of railway rates for drugs and medicines. As you may be aware, the question was last year referred by your Board to the Indian Railway Conference Association who had invited the views of commercial bodies on the same. The Committee of this Chamber had pointed out that the question was examined as early as 1929 by the Railway Rates Advisory Committee who had come to the conclusion that "the existing rates for indigenous medicines were unreasonable especially in the case of long distance traffic." The Committee had suggested that

(1) All drugs whether imported or indigenous should be charged at one uniform rate. This uniform rate, according to the Committee, should be 2 R.R. as was in existence before 1922 in order to enable the Indian Industry to get the raw materials cheaper.

(2) Powdered drugs should be charged at the same rate as un-powdred drugs.

(3) Medicines should be classified under "medicines imported" and "medicines country" as was the practice before 1912. The general freight rate on country medicines should be lowered and all country medicines should be charged at not more than 2 R.R.

The Committee, however, regret to note that the Indian Railway Conference Association have recommended that the present entries "drugs country" and "drugs imported" should be revised as under :—

Drugs, crude or raw as under :—	R.R.
Aboobeer etc	4
Drug crude or raw N.O.C.	4
Drug manufactured N.O.C.	8

The Committee may point out that the Pharmaceutical Industry which is one of the key Industries of the country is a growing one and if the difficulties and handicaps in the way of its healthy development are removed there is a possibility of its becoming one of the important industries of the country. As you will perceive the question of railway rates is a material factor in the cost of production of drugs and medicines. The Committee would, therefore, strongly urge that your Board should take early steps to revise the entries of drugs and medicines on the lines suggested above.

Copy of letter No. 3818-T dated the 5th October, 1938.

From the Railway Board to the Chamber.

Rates for drugs and medicines.

With reference to your letter No. 02013 dated the 21st September, 1938, I am directed to say that the Railway Board agree with the views of the Indian Railway Conference Association that drugs, crude or raw, whether imported or country, should be classified 4 R.R.

2. As regards medicines, I am to say that the matter was carefully considered by the Railway Board who were satisfied that there was no justification either for an alteration in the existing classification of medicines or for a separate lower classification for indigenous medicines.

TRANSPORT OF FODDER TO FAMINE STRICKEN AREAS.

Letter No. 02678 dated the 19th December, 1938.

From the Chamber to the East Indian Railway

RE.—Transport of Fodder to Famine Stricken Areas.

As you may be aware certain areas in the provinces of Rajputana, the Punjab and the U. P. have been badly stricken with famine, particularly of fodder, this year as a result of which it has become urgently necessary to transport fodder from areas where it is available to the famine stricken districts in order to save thousands of cattle

heads from perishing. Already several charitable funds have been started for such relief work which is in progress.

The Committee understand that the Marwari Rice Mills Association, which is an affiliated body of the Chamber has also organised a relief fund and are arranging the transport of fodder from places near about Chandausi (Moradabad District) to Railway station Maonda on the B. B. & C. I. Railway. They have arranged to send wagon loads of fodder from certain small stations near Chandausi namely Daftore, Kharangi, Babrala, etc. It is, however, found that the relief work would be much facilitated if concessional freight rates were allowed for this traffic, which, the Committee understand, is at present charged at Rs. -/6/3 per maund. You will appreciate that this traffic is solely prompted by charitable purposes and is not undertaken with a view to profit. Even the slightest concession which the Railway could make for this transport would not only be very much appreciated but would also help a good deal towards Relief Work. The Committee, therefore, trust that you will kindly give your urgent attention to the matter and allow concessional rates for the traffic from stations near Chandausi to the destination. The Committee also understand that the freight rates are being charged as for wagon loads on the basis of 120 maunds to a wagon. They are, however, informed that wagons which are at present being booked have been found to accommodate only about 75 to 80 maunds of fodder though the charges have to be paid on the basis of 120 maunds to a wagon. The Committee would, therefore, request you to kindly issue immediate instructions for either the freight being charged on the actual quantity loaded in the wagons or the basis of freight charges be lowered from 120 maunds to wagon load to at least 80 maunds for this particular kind of traffic.

Immediate attention is solicited and will be much appreciated.

Copy of letter No. CR/11.F/Pt. I dated the 7th January, 1939.

From the East Indian Railway to the Chamber.

RE.—Transport of Fodder to Famine Stricken Areas.

Your No. 02678 of 19-12-38

I have to inform you that certain concessions in rates subject to the specified rules for the carriage of fodder and forage, as laid down

in Chapter II, page 33 to 35 of the I. R. C. A. Goods Tariff No. 21 of 1938 (extract sent herewith for ready reference) have already been allowed by the Railway Administration on receipt of the necessary advice from the Provincial Government. I enclose for your information a complete list of the centres between which the concession rates as per Rule 85 are in operation. If any extension of these concessions is warranted the necessary representation should, it is suggested, be made to the Local Government. I much regret the Administration is not prepared to alter the rates and rules applicable to despatches on public account.

STATISTICS OF ARRIVAL OF PRODUCE AND MINERALS IN CALCUTTA.

Copy of letter No. A.45/65 dated the 11th November, 1938.

From the Bengal Nagpur Railway to the Chamber.

RE:—Statistics of Arrivals of Produce and Minerals in Calcutta

I am at present sending you every 10 days a statement of arrivals in Calcutta of produce and minerals in the enclosed form. The preparation of these figures entails much clerical labour in the stations and in this office. I shall be glad to know in what manner they are of use to you and being put to use.

I would invite your attention to similar statistics published weekly by the Director General of Commercial Intelligence and Statistics in the Indian Trade Journal.' It is possible that these will be sufficient for your purposes.

Will you kindly let me hear.

Letter No. 2511 dated the 6th December, 1938.

From the Chamber to the Bengal Nagpur Railway.

With reference to your letter No. A/45/65 dated the 11th November, 1938, regarding statistics of arrival of produce and minerals in Calcutta, I am directed to state that these statistics are found useful by produce merchants of the city. The statistics given by the Director General of Commercial Intelligence and Statistics show the combined arrivals of produce in Calcutta by rail, road and sea.

and the Committee feel it is desirable to continue the statistics even by your Railway in as much as the same show the arrivals by rail only

PUBLICITY CONTRACT GIVEN BY THE RAILWAY BOARD.

Letter No. 02521 dated the 7th December, 1938.

From the Chamber to the Railway Board.

The attention of the Committee of this Chamber has been drawn to certain advertisements which have been appearing recently in newspapers in connection with railway travel. The Committee understand that these advertisements are being inserted by the Railway Board in various papers to enhance and promote inter and third class travel and that the work regarding the preparation of the programme and sketches for this campaign was given to a non-Indian firm. The Committee shall be glad to know the procedure followed by your Board in giving the contract for the preparation of this publicity programme and sketches. They are not aware if any tenders or offers were invited for this work by the Board and would appreciate your kindly enlightening them on these points as also about other details in this connection namely the cost of the preparation of the programme, name of the party with whom the order was placed, etc.

An early reply will oblige.

Copy of letter No. 7293-T dated the 4th February, 1939

From the Railway Board to the Chamber.

With reference to your letter No. 02521 dated the 7th December 1938, I am directed to state that the Railway Board decided to try an experiment for one year of intensive advertising through the well known firm of Messrs. D. J. Keymer and Company Limited. The object is to promote intermediate and third class travel and the experiment is confined to the Eastern Bengal Railway and East Indian Railway only. No tenders or offers were invited for this experiment.

. PROCEDURE OF SUPPLYING WAGONS

Letter No. 02369 dated the 11th November, 1938.

From the Chamber to the Railway Board.

The attention of the Committee of this Chamber has been drawn to the procedure adopted by various railways for supply of wagons. The Committee understand that only when the load is brought on the platform, applications for the supply of wagons are entertained and the Station Master arranges for the supply of requisite wagons. However, till the wagons are available, the goods lie on the platform at the risk of the consignor as to pilferage or damage by rain or otherwise. The Committee feel this procedure operates in a way which is prejudicial to trade and commercial interests and they would, therefore, suggest that the Station Master should, when requested by a consignor, proceed to arrange for the supply of necessary wagons without insisting on the goods being first brought on the platform, and inform the consignor of the date when the goods may be booked so that the consignor may bring his goods in time without incurring the risk of keeping the goods on the platform for an indefinite period. If such a system is however, not practicable, the Committee would suggest that Railway Receipts should be issued to the public immediately when goods are presented for booking so that the goods may not lie on the platform at the risk of the consignor. This system, the Committee understand, is followed in the case of ordinary consignments and the Committee do not see any reason why it should not be followed in the case of wagon-load consignments. In view of the importance of the matter to trade and commercial interests, the Committee trust your Board will issue necessary instructions at an early date to all railway administrations altering the present procedure and adopting a system as suggested above.

Copy of letter No. 7332-T. dated the 16th November, 1938.

From the Railway Board to the Chamber.

RE:—Supply of Wagons.

I am directed to acknowledge receipt of your letter No. 02369 dated the 11th November, 1938, and to say that the matter is receiving attention.

ORGANISATION.

AMENDMENTS SUGGESTED BY THE INDIAN MERCHANTS' CHAMBER BOMBAY
IN THE CONSTITUTION OF THE FEDERATION.

Copy of Circular letter No. F. 758 dated the 25th April, 1938.

From the Federation to the Chamber.

SUBJECT :—Amendments suggested by the Indian Merchants' Chamber, Bombay, to certain Clauses in the Constitution of the Federation.

I am directed to invite the attention of your Committee to certain amendments suggested by the Indian Merchants' Chamber, Bombay, to Clauses, 7, 8 and 9 of Appendix B of the Constitution of the Federation. I am enclosing a copy of these amendments for your ready reference. These seek to modify the Constitution whereby each of the four delegates representing a Member-body will have equal right of voting in respect of the election of the Office-Bearers and the Committee of the Federation. As you know, under the present constitution only one delegate out of four is entitled to exercise this right of voting in connection with the election of Office-Bearers and the Committee of the Federation. When this question came up for discussion before the last Annual Session of the Federation, Mr. Jamshed Mehta suggested that further consideration of the question be dropped to enable him to understand further the views of the Member-bodies and to submit the proposals before the new Executive Committee so as to arrive at some understanding. The House agreed to refer the matter to the Committee for consideration and report. The President now desires to ascertain the views of the Member-bodies on this question and will much appreciate if your Committee would forward to this office whatever views they have to offer for the consideration of the Committee, to reach this office not later than Wednesday, the 1st of June, 1938.

Letter No. 1015 dated the 16th May, 1938.

From the Chamber to the Federation of Indian Chambers of

Commerce and Industry.

I am directed to refer to your Circular letter No. F.758 dated the 26th April, 1938, inviting the views of the Chamber on the amendments suggested by the Indian Merchants' Chamber, Bombay, to the Constitution of the Federation. The Committee note that the amendments aim at entitling each of the four delegates representing a Member-Body to an equal right of voting in respect of the election of the Office-Bearers and the Committee of the Federation. The Committee of the Chamber have again considered the matter, but hold the same views as before that each Member Body should have only one vote for each seat to be filled on the Committee of the Federation. The fundamental idea on which the Federation is based is that all Member Bodies joining the Federation should have equal rights. The Committee would point out that the system of giving one vote to each delegate, which existed under the old constitution of the Federation was unfair in practice and operated in a manner prejudicial to those Member Bodies who for some reason or other could not send all the four delegates to the Annual Session. The idea underlying Clause 7 of Appendix B of the existing Constitution of the Federation is to give to each Member Body equal voice in electing the Office Bearers and the Committee of the Federation, irrespective of the number of delegates attending the session on behalf of that Body. The Committee do not see the necessity of any departure from this fundamental principle of equality of rights to each Member Body in the Federation and they are, therefore, of opinion that the existing provisions are equitable and need no amendment.

The Committee would further point out that delegates at the Annual Session Assemble to take part in the deliberations of the Federation and by mutual contact contribute towards framing a common policy, which the Federation determines as the representative body of the Indian commercial community. To contend that the delegates attend the Annual Session to exercise mainly their right of voting for election of the Office Bearers and the Committee of the Federation is to ignore the deliberative function of the Annual Session. The Committee therefore see no necessity for increasing the vote of each Member Body from one to four which, in fact, would result in

a curtailment of rights of those Member Bodies who might not be able to send all the four delegates to the Annual Session.

The Committee have also to observe that the misgivings entertained in certain quarters that the number of delegates attending the Annual Session would be reduced if the right to vote for the election of the Committee of the Federation is not extended to all the delegates, seem to be unfounded. In the light of the remarks they have made above, the Committee do not believe that the attendance of the delegates at the Annual Session or its public importance is likely to diminish as a result of this change. The Committee have also to point out that the vote registered by the delegate entitled to do it, is not given in his personal capacity but on behalf of the Member Body and this fundamental principle must not be overlooked.

In the considered opinion of the Committee of this Chamber, therefore, there is no necessity to modify the provisions of the existing Constitution of the Federation in respect of the right of voting for election of the Office Bearers and the Committee of the Federation as such amendments are likely to violate the fundamental principle of equality of rights of each Member Body in the Federation

POOLING OF ACTIVITIES OF THE MEMBER-BODIES OF THE FEDERATION
OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY.

Copy of Circular Letter No F. 1321 dated the 13th July, 1938.

From the Federation to the Chamber

SUBJECT:—Pooling of Activities of Member-bodies.

As you know, the office of the Federation is now permanently established in New Delhi, and under the new scheme which was outlined at the last Annual Session of the Federation, it will endeavour to be of greater use to the Member-bodies. The inauguration of Provincial Governments and the popularly elected Ministeries has created a new situation in the sense that a number of Provincial Governments are either introducing or contemplating to introduce new legislative measures which may have far-reaching effects on the trade and industry of the country. On the other hand, trade and industry in

every province is looking forward to its Government for greater appreciation of their difficulties and for examining and exploring all avenues for greater utilisation of the natural resources of that province. As the problems in the various provinces relating to trade and industry are more or, less of the same nature, the time has come when the Chambers of Commerce and Commercial Associations should try to pool their experience, knowledge and information with regard to the outstanding questions, so that greater advantage may be reaped by the commercial community all over India by co-ordination of their efforts in finding an equitable and reasonable solution of many a problem before the Provincial Governments. In any endeavour for the achievement of this object, the Federation office will be willing to offer its services and the success of its idea will depend upon the readiness with which the various Member-bodies will utilise this office as the clearing house of all information relating to such questions for the benefit of all Member-bodies.

If the Member-bodies and particularly, the important Provincial Chambers, agree to co-operate for the successful working of the scheme, a great deal of wastage of time, energy and funds of a number of Member-bodies will be saved, as the results of investigations by one Member-body will be made available through the office of the Federation to all the other Member-bodies in the country. I may point out, by way of illustration, that the question of holidays with pay and sickness insurance and other allied labour welfare questions are prominently before various Provincial Governments. The Indian Merchants' Chamber, Bombay, contemplates issuing a series of articles on social welfare problems giving an idea of similar measures in other important industrial countries. The Chamber has recently issued the first of its series under the title of 'holidays with pay' which, I am sure, will be found to be very helpful to the various Member-bodies in other parts of the country in understanding this question. If this information is brought to the notice of all commercial Chambers in the country, it will save duplication of work and funds to a certain extent. The Employers' Federation of India, Bombay has also issued a brochure on Sickness Insurance and Holidays with pay. Other Member-bodies in various other provinces may have under preparation similar booklets giving valuable information on questions coming for consideration before their Provincial Governments. In addressing this appeal to the Member-bodies, I trust I can count upon their co-operation in making the Federation office more useful and of greater service to trade and commerce throughout the country and when we remember that we have a network of

Chambers of Commerce and Commercial Associations spread over all the important parts of India, it will not be an utopian task to pool their knowledge and information for its dissemination amongst the Member-bodies of the Federation.

I shall much appreciate if you will give your immediate consideration to this letter and will write to me your views and suggestions in the matter.

Letter No. 2136 dated the 13th October, 1938.

*From the Chamber to the Federation of Indian Chambers of
Commerce and Industry.*

I am directed to invite reference to your letter No. F. 1321 dated the 13th July, 1938, regarding pooling activities of Member Bodies. The Committee appreciate that Member-bodies should try to pool their experience, knowledge and opinion with regard to the outstanding questions facing the industrial and commercial life of the country. The Committee also agree that by co-ordination of the efforts greater advantage may be reaped by the Commercial Community all over India in finding an equitable and reasonable solution of many of the problems before the various Provincial Governments.

The Committee would like to suggest in this connection that the Federation should request each Member Body to forward a copy of the proceedings of each of its meetings and copies of all important representations to the Federation. The Federation will in that case be in constant touch with the working of each Member Body and would be able to help them in their deliberations on important subjects so that a co-ordination of the activities of the various Member-bodies could be effected.

I have arranged to send the same for you.

MISCELLANEOUS.

GRAIN AND OIL-SEEDS STANDARDS CONFERENCE IN DELHI.

Copy of letter No. A-594(13) dated the 11th March, 1938.

*From the Office of the Agricultural Marketing Adviser to the
Government of India, to the Chamber.*

RE:—Grain and Oilseeds Standards Conference in Delhi.

It will be recalled that the question of adopting standard contract forms for wheat, linseed and groundnuts was discussed informally at three meetings—two in Delhi in 1936 and 1937 and one in Bombay in September 1937—when the terms of the contracts were roughly drawn up. These were followed up by personal discussions and further correspondence as a result of which a considerable degree of agreement has been reached in the case of wheat and linseed. With a view to arriving at a final decision regarding these two commodities as well as groundnuts it is proposed to take advantage of the meeting of the Federation of Indian Chambers of Commerce which is to be held in Delhi on the 1st and 2nd April by holding another informal Grain and Oilseeds conference on Monday the 4th April 1938 at 11 A.M., in the Old Secretariat Buildings Delhi. I shall be obliged if you could find it convenient to attend or depute a representative to attend that meeting, a copy of the agenda for which is enclosed. The other relevant papers will follow in due course.

A very early reply giving the name and the Delhi address of your representative is requested.

FILTRATION TEST FOR KIRI

Copy of letter No. 2832-69/37-38 dated the 28th January, 1938.

From the Indian Lac Research Institute, to the Chamber.

SUBJECT:—Filtration Test for Kiri

The United German Factories have been for some time past making efforts to introduce the 'Kiri Filtration Test' in order to be

able to reject shipments of very old Kiri which will be of very little use to them and have referred the question to the Lac Cess Committee through the Special Officer Lac Inquiry in London. A report on this test by the undersigned based on laboratory trials carried out on a few commercial samples of Kiri was put up before the Advisory Board and the Governing Body of the Lac Cess committee for consideration at their last meeting and Lac Cess Committee resolved that the Test could be accepted by the Committee after consulting the opinion of the lac trade.

I have now pleasure in forwarding you herewith copies of the German Filtration Test and my report thereon and I should be glad if you would kindly communicate to me the views of your Association in regard to the acceptability of the test.

As the German Association would like to have an answer before April 1938, an early reply from you will be greatly appreciated.

Letter No. 00686 dated the 28th March, 1938.

From the Chamber to the Indian Lac Research Institute.

I am directed to invite reference to your letter No. 2882 69/37 38 dated the 28th January, 1938 regarding Filtration test for Kiri. The Committee have carefully considered the abstract about the Filtration test for the quality of Kiri as also your report thereupon. The prices for Kiri are however so low that the Committee do not consider it advisable that Kiri should be sold on the basis of such a test. In case the stuff offered does not stand up to the required test, some allowance will have to be made and the prices leave no margin for the same. The shippers would also therefore find it very difficult to sell on such test guarantee to buyers abroad when they themselves cannot get the article locally on the same terms. Moreover Indian manufacturers would hardly sell Kiri on such scientific test.

The Committee therefore feel that the present system of selling Kiri with a guarantee of 3% Rosin or as pure, may be continued as a safe basis on which shippers could do business.

MARKETING SURVEY OF COTTON IN INDIA.

Copy of Circular No. 5475 dated the 22nd March, 1938.

*From the Indian Central Cotton Committee, Bombay to the
Chamber*

SUBJECT —Marketing Survey of Cotton in India.

I have the honour to forward herewith a copy of the proposed scheme for a marketing survey of cotton in India prepared by Mr. A. M. Livingstone, Agricultural Marketing Advisor to the Government of India. This scheme was considered by my Committee at its meeting held on the 26th January, 1938, and it was decided that it should be circulated to commercial bodies for opinion.

I am accordingly to request you kindly to favour me with the views of your Chamber on the scheme at your early convenience.

Letter No. 01059 dated the 24th May, 1938.

From the Chamber to the Indian Central Cotton Committee.

I am directed to invite reference to your Circular letter No. 5475 dated the 22nd March, 1938, regarding Proposed Scheme for a marketing survey of Cotton in India prepared by Mr. A. M. Livingstone, Agricultural Marketing Adviser to the Government of India. The Committee, however, understand that it has been decided first to undertake a marketing survey in the Punjab and watch the results before embarking on the rather costly scheme submitted by Mr. Livingstone. The Committee are therefore, of the opinion that the present scheme may be examined after the results of the survey in the Punjab are available.

EMPIRE EXHIBITION AT GLASGOW.

Letter No. 01018 dated the 18th May, 1938

From the Chamber to the Government of India, Dept. of Commerce

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the fact that India is not repre-

sented at the Empire Exhibition which was recently opened by His Majesty the King at Glasgow. The Committee learn that every part of the Empire is represented by its own Pavilion or a composite one but that there is no Indian pavilion in the Exhibition. The Committee believe that if Indian products are advertised properly, the foreign market for the products of the country would be much enlarged. The Committee, therefore, were surprised to note that no arrangement has been made for an Indian Pavilion in the Empire Exhibition which is likely to be attended by a large number of people. The Committee would be glad to be enlightened as to the reason why the Government of India have adopted such a course.

An early reply would oblige.

Copy of letter No. 36-C(10)/38 dated the 2nd June, 1938.

From the Government of India, Dept. of Commerce, to the Chamber.

SUBJECT:—Empire Exhibition, Glasgow, 1938.

With reference to your letter No. 01018, dated the 18th May, 1938, I am directed to say that on financial and other grounds, the Government of India decided not to participate officially in the Empire Exhibition at Glasgow.

Letter No 1182 dated the 18th June, 1938.

From the Chamber to the Government of India, Dept. of Commerce.

I am directed to invite reference to your letter dated the 2nd June, 1938, regarding non-participation of India in the Empire Exhibition at Glasgow. You have stated in your letter that the Government of India did not participate in the Exhibition for financial and other reasons. The Committee, however, understand that the Government of India participated in the Fair that was recently held at Budapest. They also learn that arrangements are being made for an Indian Pavilion at the World Fair to be held at New York next year. The Committee are therefore, surprised to note that financial considerations prevented the Government of India from participating

in the Empire Exhibition at Glasgow, which has been attended by a large number of people.. The Committee believe that the question should have been considered from the broad view point of the development of India's foreign trade.

The Committee would also like to be enlightened about the other reasons for which the Government of India decided not to participate in this Exhibition.

An early reply will oblige

Copy of letter No. 36-C(10)/38 dated the 27th June, 1938.

From the Government of India, Dept. of Commerce, to the Chamber.

With reference to your letter No. 01182 dated the 18th June, 1938, I am directed to say that such other circumstances as the long duration of the Empire Exhibition at Glasgow were taken into consideration in deciding against participation in the Exhibition. The Budapest Fair to which you refer lasted only for about a fortnight. So far as the New York World's Fair 1938 is concerned, the Government of India have decided not to participate officially in it.

STOCKS OF SUGAR AT PRINCIPAL PORTS

Copy of letter No. F. 1091 dated the 31st May, 1938

*From the Federation of Indian Chambers of Commerce and Industry
to the Chamber.*

SUBJECT:—Stock of Sugar at the Principal British Indian Ports.

The Director-General of Commercial Intelligence and Statistics, Calcutta, had addressed a communication to the Federation, as per copy enclosed. He wants to ascertain the views of the commercial community as to whether the stock figures published in the prices and Trade Movements section of the Indian Trade Journal each week, are considered sufficiently useful to justify their retention in the

journal. I shall, therefore, be glad to have the views of your Committee on this question to enable me to reply the reference suitably. I shall much appreciate if you will send your reply to reach me by Monday, the 20th June, 1938.

Letter No. 01167 dated the 15th June, 1938.

*From the Chamber to the Federation of Indian Chambers of
Commerce and Industry.*

I am directed to invite reference to your letter No. F.1091 dated the 31st May, 1938, regarding Stock of Sugar at the Principal British Indian Ports. The Committee understand that the Indian Sugar Mills Association have already addressed the Director of Commercial Intelligence and Statistics on the subject. I am enclosing herewith a copy of the communication addressed by the Association and have to state that the Committee of this Chamber are agreeable to the views expressed by the Association in the matter.

REPRESENTATION OF INDIAN GROWERS ON THE INTERNATIONAL
TEA COMMITTEE.

Letter No. 01082 dated the 31st May, 1938.

From the Chamber to the Government of India, Dept. of Commerce.

I am directed to invite your attention to the question of representation of Indian Tea Growers on the International Tea Committee constituted under the International Tea Agreement. The Committee understand that last year the Indian Rupee interests were given the right of nominating one representative on the International Tea Committee and Mr L. T. Carmichael represented such interests during the year. When the International Tea Committee was however formed under the New Agreement this year, Indian Tea Growers were not consulted and neither the Government of India nor the Indian Tea Association referred the matter to them.

The Committee need hardly emphasize the importance of representation of Indian Tea Growers on the International Tea Committee

which, as is well known, fix the basis of international regulation. The Committee fail to understand why the Indian Tea Growers were not consulted at the time when the International Tea Committee was re-constituted.

The Committee of this Chamber feel that a suitable Indian should be selected to represent the Indian Tea Growers on the International Tea Committee. They would therefore, request the Government to re-consider the question of representation of Indian Tea Growers, on the International Tea Committee and invite the Indian Tea Growing interests to nominate their representative on the said Committee.

Copy of letter No. 201(24)-Tr.(I.E.R.)/37 dated the 8th July, 1938

From the Government of India, Dept. of Commerce, to the Chamber.

SUBJECT:—Representation of India on the International Tea Committee under the renewed Control Scheme.

With reference to your letter No. 01082 dated the 31st May, 1938, I am directed to forward, for information, copy of letter No. 201(24)-Tr(I.E.R.)/37, dated the 8th July, 1938, which the Government of India have addressed to the Indian Tea Planters' Association, Jalpaiguri, and its enclosures, on the above subject.

(Enclosure to the above letter).

Copy of letter No. 201(24)-Tr(I.E.R.)/37 dated the 8th July, 1938.

From the Government of India, Dept. of Commerce, to the Indian Tea Planters' Association, Jalpaiguri

SUBJECT:—Representation of India on the International Tea Committee.

I am directed to refer to your letter No. 102, dated the 28th March, 1938, in which you have raised the following points for the consideration of the Government of India —

1. that neither your Association nor any other Indian Tea Growers Associations were consulted before members were nominated to represent India on the new International Tea Committee.

2. that the representation enjoyed by the Indian tea growers organisations on the International Tea Committee during the original control scheme should be continued during the renewed scheme and that these bodies might recommend any suitable Indian for appointment on the Committee who could undertake necessary trips by air to the headquarters of the International Tea Committee in London.

In reply I am to say that the matter has been carefully considered by the Government of India in consultation with the Indian Tea Association. It appears that when members were being selected by the industry for first appointment on the International Tea Committee in 1933, your Association and the Terai Indian Tea Planters' Association requested the Indian Tea Association that one seat on the Committee should be allocated to represent Indian owned interests in Northern India. This claim was conceded and Mr. L. T. Carmichael represented North India Indian Rupee interests having been nominated on behalf of those interests by your Association.

In connection with the constitution of the new International Tea Committee which, so far as the representation of India is concerned, is to have five nominees of the Government of India, four of whom should be appointed after consultation with tea industry of India, the Government of India asked the Indian Tea Association to recommend the name of these four members. The Government of India are informed that before submitting their recommendation the Indian Tea Association addressed *inter alia* the following Associations of Indian tea planters, which according to the information of the Association are fully representative of the Indian tea interests in North India:—

1. The Indian Tea Planters Association, Jalpaiguri.
2. The Terai Indian Tea Planters Association.
3. The Kangra Valley Tea Planters Association.
4. The Tripura Planters Association
5. The Surma Valley United Planters Association (which includes the Assam Bengal Planters Association, the Surma Valley Indian Tea Planters Association, the Indian Planters Association of Sylhet and the Indian Tea Growers Association of Silchar) and
6. The Tripura Tea Association.

Your Association as well as the Kangra Valley Tea Planters Association definitely agreed to the continued appointment of Mr. Carmichael on the International Tea Committee as a representative of the Northern India *Indian* Rupee interests. Attention in this connection is invited to the Indian Tea Association's circular letter No. 464-69/0, dated the 2nd February, 1938, and your Association's reply thereto No. 41, dated the 8th February, 1938 (copies enclosed for ready reference). As to the other Associations, no replies were received from them and they were therefore assumed by the Indian Tea Association to have no objection to their proposals. In the circumstances the Government of India feel that your Association is not justified in raising point (1) mentioned in paragraph 1 above.

With regard to the suggestion concerning the appointment of a member resident in India, the Government of India consider that in view of what is stated above, this question does not arise, but they would like to observe that as the detailed administration of the International Tea Control Scheme requires frequent meetings of the International Tea Committee in London, the work involved could not readily be carried out in consultation with a member resident in India, and that adequate participation of such a member in the duties of the Committee necessitating frequent visits to England at a heavy cost could not be justified if, as proposed by your Association, it is to be a charge on the funds of the Indian Tea Licensing Committee.

In the circumstances stated above, the Government of India regret that they cannot re-open the question of India's representation on the International Tea Committee, with a view to make fresh nominations.

BENGAL JUTE ENQUIRY COMMITTEE.

Copy of letter No. 33/6-13 dated the 21st September, 1938.

*From the Bengal Jute, Paddy and Rice Enquiry Committee
to the Chamber.*

Perhaps you are aware that the Government of Bengal have recently appointed a Committee to enquire into the problem of Jute as it affects this province, with particular reference to (1) the regulation of the production of jute, (2) the marketing of jute, (3) the

improvement of the price of jute, (4) the fixation of the price of jute and (5) the compilation of jute forecasts and the collection of information regarding stocks in hand. I am desired by the Committee to enclose herewith one copy of the questionnaire drawn up by them, and to request your Chamber to send in their replies as early as possible. I need hardly say that if your Chamber feel that any question or set of questions lies outside the range of their practical experience, they need only reply to those questions which they consider themselves to be competent to answer. Apart from the replies to the questionnaire, the Committee would also like to receive useful notes and memoranda from individuals and associations, on different aspects of the problem of which they may possess special knowledge or in which they may have a special interest.

As Government expect an early report from the Committee, I am to request that their replies to the questionnaire together with such notes or memoranda as they would like to enclose, may be submitted not later than the 25th October, 1938.

Letter No. 02514 dated the 7th December, 1938.

From the Chamber to the Bengal Jute Enquiry Committee.

With reference to your letter No. D.O. No. 32/6-13 dated the 21st September, 1938, I am directed by the Committee to enclose herewith the statement containing their replies to the questionnaire issued by you. As many questions relate either only to facts and figures or to the work of the Government Departments concerned, the Committee have confined their reply statement only to such questions which are of general application.

Apart from their replies as given in the statement, the Committee would stress the necessity and the desirability of undertaking a campaign for more consumption of jute and jute products, as is being done in the case of several other countries. Scientific research into the use of jute is also a matter which is important. As has been observed in the reply statement, the consumption of jute and jute goods in the world has shown no improvement during the last 20 years in spite of the progress in other directions. The Committee are of opinion that the consumption of jute could be considerably increased by finding out other uses and by a judicious propaganda.

The delay in sending the reply is regretted.

PROPOSED ALTERATION OF THE DATES OF PUBLICATION OF THE
FINAL JUTE FORECASTS.

Copy of letter No. 17927-33 dated the 16th September, 1938.

From the Director of Agriculture, Bengal to the Chamber.

In forwarding herewith a copy of Government endorsement No. 4636 dated the 14th July, 1938, together with this office letter No. 12902 dated the 28th June, 1938, to which it is a reply, I have the honour to request that you may be pleased to forward to me the considered opinion of your Chamber as to the proposed alteration of the dates of publication of the final jute forecasts at an early date for the consideration of Government.

Copy of letter No 2205 dated the 24th October, 1938.

From the Chamber to the Director of Agriculture, Bengal, Dacca.

I am directed to invite reference to your letter No. 17927-33 dated the 16th September, 1938, regarding proposed alterations of the dates of publication of the Final Jute Forecast. The Committee note that the Government had ordered the forecast to be published on the first Tuesday of September instead of the third Tuesday in order to stop the considerable gambling that was taking place in connection with the figures of the forecast. The Committee are also aware that since then the method of publication has been further changed by dividing up the figures into groups, one published on each of five consecutive days. The Committee note that it has not been possible for sometime to give a reliable figure for out-turn as the publishing of the Final Forecast on the 2nd September gives you no chance of making a reasonable estimate of the Olitorius crop in the province, which is now spread considerably to the white districts. The Committee are agreeable to the proposal that the Final Jute Forecast should be changed to the 3rd Tuesday in September and four subsequent days.

PROPOSED INCLUSION OF COTTON IN THE SCHEDULE UNDER THE
AGRICULTURAL PRODUCE (GRADING AND MARKING) ACT 1937.

Copy of the circular letter No. 8181 dated the 30th July, 1938.

From the Indian Central Cotton Committee, to the Chamber.

SUBJECT :—Proposed inclusion of 'Cotton' in the Schedule under the
Agricultural Produce (Grading and Marking) Act, 1937.

I have the honour to say that the question of adopting a definite cotton, policy which would enable 1027 A.L.F.—a superior cotton grown in the Gujarat tract of the Bombay Presidency—to obtain an adequate premium for the superior quality of its lint, has been engaging the attention of my Committee for a number of years. At its meeting held in January last the Committee, while considering this subject, felt that the crux of the problem centred round the better marketing of 1027 A.L.F. Cotton. For this purpose it was suggested that the Agricultural Produce (Grading and Marking) Act, 1937, should be utilised in order that this cotton might be marketed as a special grade of Surat Cotton and that the advisability of addressing the Government of India for the inclusion of 'Cotton' in the Schedule under the said Act to enable specified varieties of cotton to be protected under it should be examined.

The subject was accordingly considered by my Local Sub-Committee at its meeting held on the 8th June, 1938, and it was decided that, as a first step, the Government of India should be requested to include cotton in the Schedule under the Agricultural Produce (Grading and Marking) Act, 1937, to enable specified varieties of cotton to be protected under it, and that in the meantime, the papers on the subject should be circulated to your Chamber for opinion. The intention is that once cotton is included in the Schedule, specified varieties of cotton produced in specified areas should be marked with a special mark, the unauthorised use of which would be illegal under the Act. Special rules under the Act would, of course, have to be framed to give effect to this.

A copy of the Act is enclosed for ready reference, I should be grateful if you would be so good as to place the recommendations of my Committee before your Chamber and to communicate to me at a very early date their views on the subject.

Letter No. 01705 dated the 29th August, 1938.

From the Chamber to the Indian Central Cotton Committee.

RE:—Proposed inclusion of Cotton in the Schedule under the Agricultural Produce (Grading and Marking) Act, 1937.

With reference to your letter No. 8181 dated the 30th July, 1938, on the above subject, I am directed to say that the Committee agree to the inclusion of 'Cotton' in the Schedule under the Agricultural Produce (Grading and Marking) Act of 1937 in order to enable specified varieties of cotton to be protected under the said Act.

PROPOSED ADDITION OF CERTAIN ARTICLES TO THE SCHEDULE TO THE AGRICULTURAL PRODUCE (GRADING AND MARKING) ACT 1937.

Copy of letter No. 2739-44 dated the 29th August, 1938.

From the Senior Marketing Officer, Bengal to the Chamber.

I have the honour to invite a reference to the Agricultural Produce (Grading and Marking) Act, which was passed by the Central Legislature last year, to provide for grading and marking of Agricultural Produce. Section 3 of the Act empowers the Central Government to make rules in respect of any Scheduled article fixing grade designations to indicate the quality, defining the quality indicated by each grade and specifying grade designation marks. The General Rules so framed empower the Agricultural Marketing Adviser to the Government of India to issue certificates authorising any person or a body of persons to grade and mark the produce in accordance with the prescribed procedure.

It will be noticed from the Schedule annexed to the Act that at present it is permissible to prescribe definitions of quality and grade designation marks, etc. in respect of the following articles, viz.—

- | | |
|-------------------|---------------------|
| 1. Fruit. | 5. Tobacco. |
| 2. Vegetables. | 6. Coffee. |
| 3. Eggs. | 7. Hides and Skins. |
| 4. Dairy Produce. | |

The Provincial Governments are doubtless aware, the Central Government have already framed rules for the grading and marking

of several commodities covered by the existing entries in the Schedule, namely,

Grapes, Oranges, Tobacco, Eggs, Hides and Skins.

The experiments which have been conducted at suitable centres by the Central Marketing Staff in collaboration with the Provincial Marketing Officers concerned have generally shown that grading is profitable, and that several firms and individuals particularly those interested in tobacco and eggs, have undertaken to grade their commodities under certificates of authorisation issued by the Agricultural Marketing Adviser. There is reason to believe that the process of grading is gradually gaining popularity in India. It is hoped that Rules for the grading of ghee will be issued shortly.

Suggestions have now been received by the Imperial Council of Agricultural Research that the Grading and Marking Act may be applied to a few more articles which are not at present included in the Schedule.

Attention has already been drawn in the Report on the Marketing of wheat in India to the fact that there is great diversity in the quality standards of the products of the various roller flour mills. Grade No. 1 product of one mill may correspond to No. 2 of another and the quality of one grade of product of one and the same mill may vary at different periods. In order to judge whether grading of *Ata* is a practicable proposition, the Agricultural Marketing Adviser arranged last year a small experiment at Delhi for the sale of graded *Ata* ground by an electricity driven chakki from clean and washed wheat. The results were so encouraging that one of the local chakki owners has introduced a similar system and is selling graded *Ata* bearing his own brands and labels. Though the experiment evoked a certain amount of opposition from a few large millers, there is no reason why the efforts of small millers to turn out a decent trade of *Ata* should not be supported specially as it appears that standardisation of grades of *Ata* under the Act will ultimately be of advantage not only to small millers, but also to large millers.

During the course of the marketing surveys, it has been observed that the adulteration of fine rices is very common. The Agricultural Marketing Adviser to the Government of India therefore proposes to begin with small grading and marking schemes for the finer qualities of rice such as Dehra Dun Basmati and it seems advisable to make provision in the Act for the protection of grade marks of rice of specified varieties.

In view of the circumstances stated it is proposed to add to the Schedule annexed to the Act of the following commodities :—(i) Fruit Products, such as juices, marmalades and Sharbats as suggested by the Government of the Punjab; (ii) Cotton of specified botanical varieties as suggested by the Government of Bombay and the Indian Central Cotton Committee; (iii) *Ata* and (iv) Rice of specified varieties.

Before taking action under Section 3 of the Act, it has been decided to obtain the views of your Chamber and I request that the same may kindly be intimated to this office for the information of the Government of Bengal and for transmission to the Imperial Council of Agricultural Research.

It is earnestly requested that the views may please be communicated as early as possible, preferably in a fortnight's time.

Letter No. 02055 dated the 29th September, 1938.

From the Chamber to the Senior Marketing Officer, Bengal.

I am directed to invite reference to your letter No. 2739-44 dated the 29th August, 1938, regarding proposed addition of certain articles to the Schedule to the Agricultural Produce (Grading and Marking) Act, 1937. The Committee note that the Central Government have already framed rules for grapes, oranges, tobacco, eggs and hides and skins under section 3 of the Act and that as the grading is found profitable and becoming more and more popular in India the Imperial Council of Agricultural Research have received suggestions that the Grading and Marking Act may be applied to a few articles which are not at present included in the schedule. The Committee further note that the Government of India therefore propose to add to the schedule certain articles light *ata*, rice of specified varieties cotton of certain botanical varieties and fruit products. The Committee of the Chamber have considered the matter and they are agreeable to the proposal put forth by the Government of India.

*Presidential Speech of Sir A. R. Dalal, Delivered at the First Quarterly
General Meeting of the Indian Chamber of Commerce, Calcutta,
held on the 17th June, 1938, at 4-30 P.M., at the
Premises of the Chamber.*

Gentlemen,

I very much regret my inability to address you personally this afternoon at the First Quarterly General Meeting of the current year.

Before I proceed further, however, it is my painful duty to refer to the sad and untimely death of Mr. K. J. Purohit, who was a Vice-President of the Chamber. Mr. Purohit was actively associated with the Chamber since its inception and we have lost in him a valued colleague.

I do not intend to go over again the course of my remarks the subjects that have kept your Committee busy during the period under review. A full report of this has already been circulated to you by the Office. Suffice it to say that the growing strength of the Indian Chamber and the increasing confidence which the Indian commercial community has come to place in this body have considerably increased the work which your Committee have to put through. I would only confine my observations to a few outstanding questions which are confronting the Indian commercial and mercantile community.

Perhaps the most serious of these questions is the labour situation as it is in India to-day. From almost every part of the country we hear of serious labour unrest. It is not unnatural that on the accession to political power of the wage-earning classes there should be a certain amount of effervescence or that the pendulum should swing for a time at least, in the other direction. The business and commercial community, which has played its part in bringing about this political consciousness, cannot be accused of want of sympathy and understanding of the political and economic needs of the labouring classes or the necessity of a fair and reasonable adjustment of the claims of capital and labour. All sober-minded employers feel that if the capitalistic system is to survive at all, business activities must be conducted not for the benefit of any particular class but for the community as a whole and that the fruits of such activities should be divided equitably between those who help in their production. What has recently been happening in the country has, however, given rise to serious misgivings in the minds of fair-minded people including

friends of labour themselves. In many instances, labour and its advisers have taken up an unreasonable and truculent attitude and attempted to enforce their demands by sitdown or lightning strikes. While we and those whom we represent have every sympathy with the Provincial Governments in their laudable efforts to ameliorate the conditions of labour and while we are prepared to co-operate with them, we cannot shut our eyes to the fact that events have recently happened in certain Provinces which have caused misgivings in the minds of capitalists, some of whom are seriously considering the question of removing themselves and their plants to other less disturbed areas. This state of affairs will inevitably result in driving away capital from and preventing further investment of capital in industry in the disturbed areas. The very objects for which well-meaning legislation is undertaken will thus be frustrated and the result will be not an improvement but a deterioration in labour conditions.

If I may venture to say so, Provincial Governments would do well not to create any apprehension in the minds of industrialists of any bias against them. Only by maintaining an impartial and judicious attitude will they be able to make their influence best felt and achieve the ends they have in view. It is also open to question whether the pace of industrial reforms in some Provinces is not too fast and whether an attempt is not being made to follow the most advanced countries in the matter of rights and privileges of labour while industrial conditions and the general level of efficiency in the country admit of no comparison with conditions in Europe and America. One of the results of such advanced industrial legislation will be to drive industry from such Provinces into others where legislators are not so much in a hurry, or into Indian States. I am aware that this question is present to the minds of the Congress authorities and was recently discussed at the Premiers' Conference in Bombay. One of the solutions of the difficulty appears to me to be the establishment of an Industrial Council for all India as suggested by the Whitley Commission, which should be representative of both industrialists and labour. Labour problems can be discussed at such a Council from an All-India point of view and a co-ordinated policy laid down.

The question of the exchange ratio has assumed considerable importance during the past few weeks. As you are well aware, Gentlemen, this has always been a highly controversial topic and was the subject of intense controversy during the year 1927 when the

present rate was statutorily fixed. The Indian commercial community did not see eye to eye with the then Government of India and pointed out to them that the ratio of 18d. to the rupee was unduly high and detrimental to the interests of the country. Although in September 1931 the rupee was devalued *pari passu* with the Sterling, the element of over-valuation which then existed has persisted all along. It was only by the fortuitous circumstance of the export of gold that the ratio has been maintained so far. This artificial stimulus cannot, however, persist for all time. The golden stream had dwindled very seriously of late and a corresponding weakness in the exchange has made itself felt so that we have been meeting the balance of our external payments out of the Sterling Resources in the Banking Department of the Reserve Bank. This will be apparent from the fact that these reserves have fallen from about 25 crores last year to about 3 crores at present. Even if no treasure is imported India has to make remittances against invisible imports of over Rs. 70 crores every year. To enable the country to meet this heavy charge it is essential that we should have a corresponding favourable balance of trade. We can only have it if our export trade is stimulated by means of a lower exchange which is vitally necessary for a raw material exporting country like India.

The extremely weak state of the exchange which has been hovering round about the lower gold point, has recently drawn the attention of the public and the commercial community in India to this question. It has been taken up by the Indian National Congress and it is understood that the Provincial Governments whose land revenues policy is likely to be seriously affected are contemplating making representations to the Government of India. During the last few days the Government of India have issued a communique declaring that they have no intention of revising the present Statutory exchange ratio. Your Committee took the earliest opportunity of expressing strong disagreement with the Government of India on this point and urging reconsideration of the whole question. The insistence of the Government of India on the maintenance of the present unduly high rate of exchange has raised serious apprehensions in the minds of the commercial community that the Government may either resort to borrowing in the United Kingdom or the Reserve Bank may be compelled to draw "Reverse Councils" payable out of the Sterling Resources in the Paper Currency Reserve. It is also apprehended that the Bank rate may have to be raised. All or any of these measures to prop up the over-valued rupee would mean contraction

of currency and credit at a time when the prices of commodities in the country have already touched a very low level. We would protest very strongly against any such contraction of currency and credit or depletion of the Sterling Resources in the Paper Currency Reserve. Apart from the urgent necessity of increasing the rupee value of commodity prices, to which reference has already been made, there is a large amount of rural development to be carried out in the country if it is to attain any measure of prosperity. For such development a large supply of cheap money is required. To provide this money and to pump it into the villages, an expansion and not a contraction of currency and credit is what is needed. In pre-War years the annual expansion of the currency in this country amounted to an average of 22 crores. Population has considerably increased since then and to provide for the needs of this population, an adequate supply of cheap money and credit is vitally necessary.

It is for nearly two years now, Gentlemen, that the Indo-British trade negotiations have been going on. I think the undue protractions of these negotiations is in a measure due to the fact that though the Government of India gave a formal notice of termination of the Ottawa Agreement to the United Kingdom in pursuance of the Resolution adopted by the Central Legislative Assembly in March 1936, they permitted the Ottawa Preferences to continue. The Indian commercial community have all along taken an exception in the policy of the Government in permitting the Ottawa preferences to continue even though the Agreement has been terminated. I have no doubt that if the Government had not taken this unusual step and had terminated the preferences to the United Kingdom conceded directly or indirectly under the Ottawa Agreement, a fresh agreement between the two countries could have been concluded without this inordinate delay, during which period economic conditions in both the countries have also undergone transformation. The commercial community are awaiting the publication of the report submitted to the Government of India by their non-official advisers in connection with the failure of the Simla textile negotiations but, meanwhile, I must reiterate that the Government should see that no final decision is reached and no agreement arrived at without the knowledge and consent of the non-official advisers whom the Government themselves have selected and who have been kept in touch and taken into confidence throughout the present negotiations.

While on the subject of the Indo-British trade negotiations, I might refer briefly to the enquiry being conducted by the Imperial

Shipping Committee into the position of British Shipping in the Middle and Far Eastern waters which, I understand, is to conclude shortly. This Chamber along with other Indian commercial bodies has, since the commencement of this enquiry, insisted that in any scheme for the regulation of Imperial maritime trade or for the development of Empire shipping in the interests of a common Empire maritime policy, steps should be taken to secure the participation of Indian Shipping. If, for instance, some arrangement is made with the Japanese shipping interests in regard to the Indo-Japanese maritime trade, it is essential that a substantial share of it should be reserved for Indian shipping because India's bargaining power based on its market should be utilised for the development of Indian shipping overseas. The forthcoming report of the Imperial Shipping Committee provides a suitable opportunity to secure India's active co-operation in implementing an Empire maritime policy by recognising the claim of Indian shipping for a legitimate share in its overseas maritime trade. The principle that the claim of national shipping should form a vital part of a Trade Agreement between different countries is widely recognised now-a-days and was, in fact, embodied in the Anglo-Soviet Trade Agreement of 1934 whereby Soviet undertook to make its shipments of timber by British Shipping on the ground that Britain provided a large market. India is, therefore, entitled to demand that India's market and bargaining power should be utilised for securing a reasonable share for Indian shipping in the Indo-British and the Indo-Japanese maritime trades.

I thank you, gentlemen.

*Presidential Speech of Sir A. R. Dalal, delivered at the second
Quarterly General Meeting of the Indian Chamber of
Commerce Calcutta held on the 26th August,
1938, at 4-30 P.M., at the Premises of the
Chamber.*

Gentlemen,

I extend you a cordial welcome to the Second Quarterly Meeting of our Chamber for the year.

The short-lived trade boom of 1937 showed signs of a sudden and premature decline in the Autumn of last year, a decline which became more and more pronounced towards the close of 1937 and

the first half of 1938. During the last few weeks, however, the downward progress has been checked and the index of the world business activity again shows an upward trend. There are many who doubt whether this upward movement is based on solid and permanent foundations. A great deal depends upon conditions in the United States and a great deal more perhaps on political conditions in Europe in the immediate future. In India also manufacturing activity has been showing signs of improvement. In view of the fact that industries in India are of comparatively recent growth, it is natural that the total output of the manufacturing industries should show a progressive increase; but the prosperity of the people in this country is in a large measure influenced by the exports of its raw materials and the prices of primary commodities. In this sphere, the figures of the last six months, that is from January to June 1938, are disappointing. A review of these figures shows a serious setback in the export trade of the country during the first half of 1938 as compared with the corresponding period of the last year. Whereas the total export of Indian merchandise in the first six months of 1937 was 110½ crores of rupees, it fell to 75 crores during the corresponding period of the current year. The fall in some of the principal items of export has been proportionately greater. The export of raw cotton was reduced by more than 52 per cent, that of jute by over 36 per cent, of castor-seeds 76 per cent and sesame 63 percent. To the extent to which the reduction of the export trade is due to the progress of industrialisation in India and the utilisation of its own raw materials for the manufacture of finished products, there is nothing to be said, but a study of the situation shows that the sudden recession is not mainly due to this cause and to that extent the situation is disquieting.

The anxiety about the future of trade in India is heightened by the policy the Government of India has been following with regard to the exchange. During the last few weeks, representations from almost all the Indian Chambers of Commerce have been made to the Government urging a thorough reconsideration of their exchange policy. It is understood that some of the Provincial Governments have also made similar suggestions. I had occasion in the course of my speech at the last Quarterly Meeting to dwell at some length upon this question. Since then, your Committee also have addressed further communications to the Government of India in which they have expressed their concern at the progressively deteriorating situation regarding the exchange. It is obvious that for a debtor country like India, which is called upon to make a remittance of over 70 crores of

rupees a year to meet its external liabilities, the exchange policy should be such as to protect the national balance of payments, employment and trade. The whole policy needs serious consideration as an integral part of our national economy.

Apart from such an examination of the exchange policy, it is essential that the Government of India should take further steps for the expansion of the export trade of the country. The Indian commercial community and the public have for a long time been insisting upon the necessity of concluding trade agreements between India and its foreign customers. The question was postponed by Government on the ground that negotiations for such agreements would be taken up after the conclusion of the Indo-British Trade Negotiations so that they might be able clearly to envisage the position of India vis-à-vis the United Kingdom on the one hand and her other foreign customers on the other. We trust that India's bargaining powers in relation to other countries will not be jeopardised by any trade agreement which India may conclude with the United Kingdom. It is not too much to hope that the Indo-British trade negotiations will now be brought to an early conclusion and that the Government of India will lose no time in commencing trade negotiations with other countries. Representatives of Indian business should be closely associated with such negotiations.

It is an encouraging sign that since the advent of Provincial Autonomy the various Provincial Governments have been paying increasing attention towards the greater utilisation of the resources of the country and the development of Industries. Unfortunately, owing to the absence of proper planning and owing to the low consumption capacity of the country, industries in India, after a certain stage of development, show a tendency towards overproduction and unregulated and suicidal competition. If the few industries which have developed are not to suffer serious loss, it is necessary that this tendency should be corrected and that planning, rationalisation and a co-ordinated marketing and price policy should replace unorganised and unregulated production and competition. A wise step in the direction of regulating and controlling production has been taken by the Governments of the United Provinces and Bihar in the matter of sugar. I am also glad to note that the President of the Indian National Congress proposes the convening of a conference of Ministers of Industries with a view to lay down a plan for the development of the economic resources of the country as a whole. This is a step in the right direction but as a preliminary to the preparation of an All-India

plan of industrial development, detailed industrial surveys of each Province, somewhat on the lines of the survey undertaken at the instance of the Bombay Government, are required. In the last resort, however, industrial expansion is conditioned and limited by the capacity of the country to consume the products of industry. Until the consuming power of the vast mass of the agricultural population is increased, industrial progress must be very limited. The main problem before the country, therefore, is the improvement of the productive and consumption capacity of the bulk of the population which is agricultural.

In my speech at the last Quarterly Meeting, I put in a plea for a co-ordinated all-India policy not only in the matter of industrial development but also in the matter of industrial and labour legislation. From what has subsequently transpired, I have reasons to believe that the need of an all-India policy on industrial and labour matters is coming more and more to be recognised by the Governments as well as the authorities of the Congress.

It is regrettable that the conference convened by the Government of India last month for arriving at an amicable settlement between the shipping companies plying in the Haj pilgrim traffic failed in its object. The participation of Indian shipping in this sphere of trade was welcomed by persons interested in the welfare of pilgrims including Port Haj Committees as well as by the Government of India, whose Commerce Secretary stated in the Council of State last September that "more than one department of the Government is prepared to welcome a little competition coming into that line." Unfortunately, however, the drastic rate war which ensued at Karachi was uneconomic in its nature and the Government themselves have been concerned at this unhealthy development. Such ruinous competition is highly undesirable from the point of view of pilgrims as well as shipping. The Indian commercial community is entitled to demand of the Government of India that they will prevent such rate-cutting in the next Haj season and will encourage and assist such a laudable enterprise of Indian shipping. The very fact that in this traffic, unlike any other passenger traffic, maximum fares are laid down and special obligations are imposed on shipowners in regard to space, return passage, food arrangements etc., shows that this traffic is treated as a class by itself. It is, therefore, essential that while preserving healthy competition in the matter of provision of amenities and facilities to the pilgrims, steps should be taken to prevent an Indian shipping enterprise from being driven out of this trade.

Coming nearer home, the question of outstanding importance which has been engaging the attention of the commercial community in our Province, is that of jute. I do not, however, desire to make any detailed reference to it as the question is still under the consideration of the interests concerned, beyond hoping that it will speedily be brought to a happy conclusion.

It is a very long time since the Sugar Tariff Board Report was submitted to the Government of India. To the various representations made to Government for an early publication of the Report, the reply given is that it is not the practice of the Government of India to publish the reports of the Tariff Board before their own conclusions on them have been formulated, so that both can be placed simultaneously before the Legislature. This question has arisen more than once in connection with Tariff Board reports. There have been cases in which the Government of India have withheld publication of the report for years in spite of the repeated demands of the interests concerned. I think that even if the practice in the past has been as maintained by Government, there is nothing sacrosanct about it and there is no reason why it should not be changed. The Indian Fiscal Commission of 1921-22 have themselves recommended that whether the Government agree with the conclusion of the Tariff Board or not, they should publish the results of the enquiry promptly.

The unemployment situation in Bengal, particularly among the educated middle class youngmen, continues to be acute. Coupled with this question is the problem of finding employment for the large number of released detenus. Difficult as these questions are, I am glad that steps are being taken both by official and non-official organisations in the Province to meet the situation. Apart from the scheme sponsored by the University of Calcutta, the Government of Bengal have recently appointed an Unemployment Adviser to study the question of unemployment relief in the Province. As you are aware, this Chamber has also taken an active interest in the matter and a number of released detenus as well as other youngmen in the Province have been employed by various members. Your Committee have also addressed the Government of Bengal on the necessity of providing facilities to Indian apprentices for practical training in the workshops and factories owned by firms supplying stores to the Government.

With these words, Gentlemen, I propose the adoption of the report on the work done by the Committee during the Second Quarter of the current year.

*Presidential Speech of Sir A. R. Dalal, Delivered at the third
Quarterly General Meeting of the Indian Chamber of
Commerce, Calcutta, held on the 4th November,
1938, at 4-30 P.M., at the Premises of the
Chamber.*

Gentlemen,

I have pleasure in presenting to you the Report of the Committee for the Third Quarter for your adoption and take this opportunity of making a few observations on certain matters which are of interest to the commercial community.

During the quarter under review, we have passed through a period of the greatest international crisis since 1914. Though War seems to have been fortunately averted for the time being, the crisis has not resolved itself. The Political atmosphere is strained and charged with suspicion and the armament race is proceeding faster than ever. Throughout the crisis the British Government consulted the Dominion Governments but it is not known whether the Government of India was taken into their confidence or attempts made to ascertain the views of the Indian people on this vital question.

The moderate and hesitant revival of trade which made its appearance in the United States received a temporary set-back during the political crisis but has reasserted itself since then. Although it is yet too early to state with any confidence whether this indicates a permanent recovery or is merely a temporary halt in a larger downward movement, there are a greater number of factors favouring the former than the latter point of view. Given more stable political conditions, there are reasons to believe that the revival in America will gather strength and spread to other countries of the world.

Enough has been said by the League of Nations, the International Chamber of Commerce and in reports such as those of Mr. Van Zeeland regarding the injurious effect on international trade, and on business generally, of the control and direction of economic forces by the different States, particularly totalitarian States like Germany and Italy. Exchange control, manipulation of currencies, tariffs, bilateral trade agreements all serve to restrict the international trade. A very encouraging effort has been made by the United States to break through this vicious chain by entering into trade agreements based on the most favoured nation principle but the trend towards self sufficiency has been so marked and so well established that it may be regarded

as a permanent feature of the economic structure of the future. This development has a lesson for our country which has been so largely dependent on foreign trade. It is a warning to us that we can no more confidently depend on foreign customers to continue to take our raw materials to the same extent as they have done in the past. During the course of my remarks at the last Quarterly General Meeting I had occasion to point out the great decrease in our export trade in the first half of this year. It is therefore high time that intensified national efforts were made to utilise within the country itself its very large agricultural and mineral resources. If we refuse to foresee the trend of events, a time will come when it will be difficult for our rural economy, which is the basis of our whole economical structure, to maintain itself. It is, therefore, a matter of great satisfaction that an industrial planning committee has recently been set up as a result of the Conference of the Industries Ministers of the various Provincial Governments and the Congress Executive, in order to undertake a systematic survey of the natural resources of the country and to consider the establishment of suitable industries on a planned basis. This is a most desirable move and I wish it all success. Political autonomy would be of little value unless it leads to the economic betterment of the country. I need hardly emphasise the fact that the first essential is a regular and detailed survey of the economic resources of the whole country before new industries are established in India. Provincial jealousy, which has been already rearing its ugly head in so many directions, should find no place in the evolution and working of the industrial plan. There need also be no question of any conflict of interests between large and small scale industries or between industries and agriculture. As pointed out by the Hon'ble Mr. Nalini Ranjan Sarker, "cottage industries, middle sized industries, large-scale industries must all find a place in such a scheme, for they have each an important bearing on our economic life." And the ultimate object of industrial development is to raise the standard of living of the masses and to improve their purchasing power. Not only, therefore, is there no conflict of interests between industries and agriculture but the soundness of our rural economy in itself depends on the expansion of our industries and the maintenance of a healthy balance between the two.

While we need not imitate the totalitarian States to the full extent in the regulation and control of our industries, it would be impossible to exaggerate the need for greater planning, regulation and control by Government than has been the case in the past. In the absence of such regulation in the few industries which have been establishe

in this country, there has been reckless and ill considered development, over-production and cut-throat competition. The "Indian Finance" has rendered valuable service by drawing attention to the evil consequences of such development, in February last. So far as the Sugar Industry is concerned, the statesmanlike action of the Governments of Bihar and the United Provinces has checked the mischief. The Government of Bengal have recently been compelled to interfere to regulate the affairs of the jute industry but the disastrous effects of such reckless development and overproduction are making themselves keenly felt at present in the cement industry and also, to a certain extent, in the re-rolling industry, to take only two instances. One of the many evils of this is that it is innocent parties that have to suffer for the improvidence, recklessness and want of business foresight of the guilty ones.

So far as legislative enactments of interest to the commercial community are concerned, we have had some respite during the period under review. There is, however, one very important measure, namely the Incometax Bill, before the Legislative Assembly. I take this opportunity of reiterating the feeling entertained by the Indian business community, that this Bill is not fair in many of its clauses and that in their anxiety to see that no one escapes from their net, scant regard has been paid by the framers to the hardships and difficulties that may befall the assesseees. Your Committee have already submitted their views in detail on this Bill and I have only to express the hope that when the Bill is amended by the Select Committee comes finally before the Legislature, it will be modified in such a manner as to be more equitable and less harsh in its incidence on the assesseees.

When we met last, Gentlemen, we were hoping for an early termination of the Indo-British Trade Negotiations. It seems, however, that the parleys have become interminable. There has been a lull all this time and nothing has been heard of late about any progress in the matter. It was several weeks ago that the non-official advisers submitted their memorandum to the Government but the Government appear neither to have come to any conclusion themselves nor to have thought fit to release the memorandum for publication. I need hardly point out that this uncertainty and indecision is not calculated to allay the misgivings of the public. Even the European Group in the Central Legislative Assembly has drawn the attention of the Government to the dangers of continued delay and has thought it advisable to reiterate the repeated warnings given by the Indian commercial community against the Government entering into any pact with the United Kingdom without the concurrence and against the wishes of Indian com-

mercial and public opinion Let us hope, Gentlemen, that the Government will not overlook these repeated warnings. It is high time that the negotiations were completed, particularly because the question of concluding trade agreements with other countries is pending the decision of this question.

During the last quarter, the Government of Bengal have issued an Ordinance with regard to the jute industry. The life of the Ordinance is limited to six months only and further regulation of the industry can be made effective only by an Act of the Local Legislature. Failing agreement within an industry itself, circumstances may justify interference on the part of the Government in the wider interests of the country But it would be more desirable for the industry itself to come to an agreed settlement without resort to legislative measures, if that is possible.

There is one more thing to which I would like to refer and that is with regard to the position of Indians overseas. As you are aware, Gentlemen, a large number of our countrymen are settled in various parts of the Empire. A major portion of this population went as recruited labour but, of course, they have been followed by the merchant, the teacher, the lawyer, the doctor and the like. The political status and the economic condition of these lakhs of our countrymen is a matter of no small concern to us. It is, however, regrettable that the position of Indians overseas has never been secure in the countries of their adoption, in spite of the fact that such countries are members of the same Commonwealth. The recent efforts in East Africa to deprive Indians of their legitimate property and trading rights by means of legislation, the insecurity to which they were exposed recently in the deplorable riots in Burma and a more recent development about the position of Indian immigrants in Ceylon are disturbing factors. It is satisfactory to note that the Government of India have appointed a representative to place the case of Indians established in the British West Indies before the Royal Commission which is shortly visiting these places to study the social and economic conditions. There is no doubt that Mr. Tyson who has been appointed for this purpose has had wide experience and rendered valuable service to Indians in South Africa. Your Committee feel, however, that Government would be well advised to associate an Indian with Mr. Tyson so as to enable him more fully to appreciate the difficulties and the viewpoints of Indians overseas.

With these remarks, Gentlemen, I recommend the Report for your adoption.

APPENDICES

- I. Memorandum on the Income-Tax (Amendment) Bill 1938**
- II. Reply Statement to the Questionnaire Issued by The Bengal Jute Enquiry Committee (1938)**

Appendix I

**MEMORANDUM SUBMITTED BY
THE INDIAN CHAMBER OF COMMERCE, CALCUTTA
ON THE
INCOME-TAX (AMENDMENT) BILL, 1938**

INDIAN CHAMBER OF COMMERCE,
CALCUTTA.

No. 1649.

No. 135, CANNING STREET,
CALCUTTA.

15th August, 1938.

The Secretary,
Central Board of Revenue,
Simla.

Dear Sir,

I am directed by the Committee of the Indian Chamber of Commerce to refer to your letter No. C.-2501-T/38 dated the 14th April 1938 inviting the views of the Chamber on the Income Tax (Amendment) Bill 1938, and have to submit their views on the Bill as under.

The Bill incorporates most of the recommendations of the Income Tax Enquiry Committee. According to the Finance Member, the Bill proposes "to make the incidence of taxation fairer as between class and class, to relieve the lower middle classes and to ask the rich to pay more". In the opinion of the Committee however, the provisions of the Bill while keeping sacrosanct some of the sections like those dealing with granting of double taxation relief, would in operation prove injurious to the growth of Joint Stock Enterprise and discourage investment in industries, in the country. The introduction of the Slab System has been assumed in the Bill but is left to be dealt with in the Annual Finance Bill. As the Finance Member pointed out, assuming that the scale recommended in the Report of the Enquiry Committee is adopted, the Government would get at least a crore of rupees more from the legal changes alone. However, as the Committee of this Chamber have stated in their Memorandum on this Report, the incidence of tax would be much more in the case of higher incomes and would rise

to as much as 49·2% on an income, say of Rs. 8 lacs. The Committee of the Chamber believe that a maximum of about 25% on any income howsoever high is reasonable, when it is remembered that at the present stage of the country's industrial development, it is essential that its economic advancement is not retarded by creating obstacles in the way of the development of industry and trade or even thrift by the state taking away an unconscionable portion of the income of the people.

The Committee would also point out that the existing exemptions of pensions, leave salaries and allowances paid abroad is not affected by the Bill in any way. The so called "legal avoidance" if it has any bearing, can be appropriately stated to apply in this connection with much greater emphasis. The Rules for exemption of leave allowance or salary paid outside British India, whatever may have been the intention originally in granting it, are so adjusted by the recipients of such allowance or salary that not only "such salary or allowance is not taxed either in India or in the United Kingdom but the rate of tax is seriously reduced in respect of the salary that is assessable in India in a year when leave is taken." The Finance Member has given the assurance that "it is the intention of the Government of India to cancel the notification exempting leave pay and salaries paid abroad, provided that this Bill is passed substantially in its present form", but this assurance which is also conditional affects only leave pay and salaries while pensions are not impinged in any way. The Committee of this Chamber disapprove of giving the Governor General power of granting exemptions. In England no such general power is given to the Executive and the only exemptions the Committee understand are the Consular Emoluments paid by foreign Governments. In the opinion of the Committee pensions earned in British India and paid out of British Indian revenue or out of profits arising in British India must be subject to British Indian taxation.

The Committee would also refer here to the relief from double taxation granted under Section 49 of the Act. The Bill does not affect this provision in any way for according to the Finance Member "it would be a gross injustice to attempt to withdraw the relief from those companies and traders whose business has been established in British India for many years on the assumption that

the double income tax relief would be given". The Committee would, however, point out that the reciprocal arrangement with Britain in this respect came into existence only in 1920, and British Capital and trading interests were actually operating in India for well nigh a century without any such safeguard. Instead of trying to increase the burden on the Indian Tax Payer, the Government could have got a much larger revenue by abolishing this relief which in practice operates mainly for the benefit of British concerns. The number of Indian concerns operating in the United Kingdom is only about 40 while non-Indian interests established in India are enormously large, and the Committee do not see any reason why such an indirect subsidy should be given to these concerns. The Committee are therefore, of the opinion that the relief for double taxation granted to foreign concerns should be stopped.

The Enquiry Committee had recommended an All India Tribunal for appeals. The Committee of this Chamber had opposed this recommendation and in its place had suggested that there should be local tribunals in complete supercession of the Assistant Commissioners, and completely independent of the department, for the grievance of the assessee against the officer who makes the assessment may be as great as that of the officer against the assessee. The Bill does not contemplate any such tribunal but provides for the appointment of Appellate Assistant Commissioners and Inspecting Assistant Commissioners. The Appellate functions are thus sought to be separated and the Appellate Assistant Commissioners are placed directly under the Central Board of Revenue.

According to the Committee of this Chamber, the Assistant Appellate Commissioners should be made entirely independent of the Commissioners and a Board of Referees as contemplated by Section 33-A which is not proposed to be deleted, should be set up and its scope enlarged so as to enable it to entertain appeals from the decision of the Appellate Assistant Commissioners, on questions of both law and fact. Both the assessee and the Government should be able to appeal to the Board. The Committee would, therefore, propose to retain Section 33-A and enlarge the functions of the Board of Referees, who should be empowered to entertain all appeals instead of those relating only to Section 23-A.

The Committee appreciate that agricultural income is not proposed to be included in computing the total income of the assessee.

The Committee, however, cannot help observing here that the sole aim with which the Bill has been drafted appear to be to gather as much tax as possible by trying to prevent all real or supposed avoidance and avasions of tax without in any way looking into the adverse effects which undue restrictions are bound to place on the industrial and economic development of the country.

The Committee would now examine *ad seriatim* the various clauses of the Bill:—

Dividend.

Clause 2(b).—Clause 2(b) of the Bill proposes to define “dividend”. This new definition of the word is designed to prevent the evasion of tax by individuals forming themselves into limited companies or by distribution of profits by way of bonus shares, and proposes as the Finance Member put it “to cover all profits distributed by a company whatever form the distribution takes”. Such a definition would, however, adversely affect *bonafide* companies. A company should have unfettered discretion to deal with its profits. Capitalised profits are also not taxed in England. In order to increase the stability of the company and to provide for further expansion, it is advisable, particularly in a country like India with its peculiar industrial conditions, that the company should capitalise the reserves made from profits in better years. Moreover, if a Company sells some lands and buildings used for its factory, and a profit is shown, it would normally be capital profit not liable to tax, but under the new definition it will be included in the word “dividend” if paid to the shareholders. Normally a company would carry this capital profit to its reserve account and there is no reason why the distribution of this reserve which has been accumulated from capital surplus should be taxed similarly, reserves accumulated, out of profits have already been once taxed and it is not equitable to tax them again. Amounts which have once become or are capital should not be deemed to be income when distributed.

Moreover, the definition contemplates inclusion of any advantage or gain “intended to be paid”. Income is, however, only that which is actually or constructively paid. No intention of making any payment can be treated to be an income. Moreover, distribution out of accumulated profits made on liquidation of a company to its

shareholders represents only a small fraction of the entire capital invested in the business and should not be treated as income.

Clause 2(d) of the Bill adds clause 6(c) which defines the word "income". This definition seeks to include capital receipts. In fact 'Income' should be defined as including any profit or gain falling under any heads of income enumerated in section 6 of the Act which is not a mere windfall or casual in nature and is not in any way receipt of any capital or the value of conversion of assets.

Clause 2 (d).—Clause 6(e) which is proposed to be added defines 'Income Tax Inspector'. This clause in the Bill, however, does not mention why they have been included in the list of authorities enumerated in Section 5(I). The functions of the Inspector are also not defined in the Bill except in clause 42. In fact there is no utility of such officers having co-extensive powers with the Income Tax Officers. As stated in the Memorandum submitted by the Committee of this Chamber, low paid inspectors or Assessors are always prone to corruption and if any local enquiry is necessary, it must be made by the Senior Assistant Commissioners and not by lower grade officers such as Inspectors.

Clause 4(a).—The proposed sub-section (I) contemplates assessment of all income, profits and gains, which are *received* or are *deemed to be received* in British India in such year by or on *behalf* of such person. There is no reason however, why that which is deemed to accrue or arise should be made assessable; for what is deemed to accrue or arise in one accounting year may be actually received in British India in the following accounting year. So tax will be paid on what is deemed to accrue or arise in one year and also again in the following year when the same amount is actually received. There is no provision to save the assessee from this anomalous situation.

The proposed sub-section (I) also deals with persons resident in British India and persons not resident in British India and there is also a proviso to clause (c) of this sub-section about domicile in British India. The result of this proviso, however, will be that foreign income of a person who is resident in British India but not of British Indian domicile arising from sources other than business, profession or vocation will not be affected by the Income Tax Act

in any way, while the income of a domiciled person will be assessed on the amount of income arising. Taken along with Clause 5 of the Bill proposing the new section 4(a), it will mean that foreigners and foreign companies will escape liability to taxation on foreign income and the Government of India will stand to lose to that extent. The present section, namely 4(1) and (2) should not, therefore, be amended in any way. In any case a formula should be devised so that foreign enterprise of Indians may not be hampered in any way.

Clause 4(b)-(v).—Proposes to omit clause (v) of Section 4. Even when this clause definitely exempted any capital sum received in computation of the whole or portion of salary or pension, or in the nature of consolidated compensation for death or injuries or in payment of an Insurance Policy, or as the accumulated balance at the credit of a subscriber to a Provident Fund, assessee could get the exemption and the case had to be decided by the Privy Council. So when this clause is proposed to be omitted, the department will consider the deletion to mean that what was specifically mentioned in the clause to be outside the scope of this Act, has now, by the deletion of the clause come within the purview of the Act. Though the point is made clear in the notes on the Bill, the notes are no part of the Act. As there is no definition of income given in the Act, whatever is not mentioned specifically in the Act as outside the scope of the Act, is treated by the department to be within their scope. The sub-clause (v) should therefore, be retained.

Religious Trusts.

Clause 4(b)—(vi).—Proposes that any income of a private religious trust when the trust does not ensure to the benefit of the public will be liable to assessment. In India, however, a large number of religious or charitable trusts are created with a view that a part of the income is devoted to the worship of the family deity or the feeding of the poor and the donor or settlor, denies his children or other heirs of their legitimate share in his assets to which otherwise they would be entitled. The benefit of such trust may ensure to a small number of people or to some charitable institution, but nevertheless it is a religious charitable trust. Moreover, a number of religions and castes exist in India and naturally the settlor makes a trust for the benefit of his castemen or co-religionists. The words, therefore, "where the trust does not enure to the benefit

of the public" will entail great hardship upon such religious trusts and its addition to the last part of clause 4(3) should be dropped. As pointed out by the Committee of the Chamber, in their Memorandum on the Income Tax Enquiry Report, the main object of the creation of religious and charitable trust with the people in India is to prevent properties from getting into the hands of undesirable persons who may waste the properties and it is, therefore, desirable that instead of putting any limitation, the operation of Section 4(3) should be further extended by enlarging the definition of "Charitable purpose" occurring in the proviso, by the addition of the following words after "medical relief" and before the words "advancement of any other object of general public utility" "of granting pensions to widows, orphan children" etc., in accordance to the English Statute. Moreover, the term "general public utility" should include all purposes covering any class of the public as opposed to particular individuals.

Residence and domicile.

Clause 5.—Sub-Section (b) of the proposed Section 4(a) provides that a Hindu undivided family company, firm or other association of persons is resident in British India unless "the central control and management of its affairs" is situated wholly without British India. No clear definition of "the central control and management of its affairs" is however, given. Moreover, the result of this section will be that a large number of non-Indian concerns operating in India will escape assessment to Indian taxation on their foreign incomes. It is desirable that the place of business or manufacture should be the place where the assessment is made. Moreover, there cannot be any question of domicile of a company. (Re: Calcutta Stock Exchange Case).

Under the present law all income from whatever sources arising in British India and any income outside British India if it is brought into British India is assessable to Income Tax. The Bill proposes that where the assessee is not domiciled in British India, the assessment will, to the extent that the income is from business controlled in British India, be on the full income arising whether remitted to India or not and to the extent that the income is from other sources, the assessment will be on the basis of the amount remitted to British

India. In the case of persons who are domiciled in India the basis will be on that of the whole income arising. However, the foreign income of a person who is resident but not domiciled in British India arising from sources other than business profession or vocation will not be touched by assessment. All persons of non-Indian domicile are to this extent excluded from the operation of the law and this practically defeats the object of the present amendment. A person resident in British India of whatever domicile should, therefore, be subject to assessment in British India on the basis of the whole income arising. By such a subtle distinction otherwise, the income profits and gains of a person resident in India but having a non-Indian domicile will escape assessment if they are not brought into India, while a person having an Indian domicile even when he is a non-resident but has his wife and children living in India and though he might not have any business connection in the country will be subject to taxation in India as the circumstances will be deemed to show that residence in British India is part of the regular order of his life. The recommendation of the Enquiry Committee that profits of trading in British India made by a non-resident must necessarily be assessed to Income Tax in British India was quite fair and was therefore, accepted by the Committee in their Memorandum. However, the amendment proposed now is such that a large number of assesseees who are foreigners will escape taxation on foreign incomes on the ground of domicile. There should be, therefore, no exemption from taxation to anybody on the ground of domicile.

The Committee would also refer here to Sections 111 to 113 of the Government of India Act, 1935 and point out that where rights and privileges are concerned, British business concerns and individuals claim equal rights with Indians but where duties and burdens of citizenship are concerned, they demand exemptions and concessions. Further, the distinction between 'domicile' and 'resident' is strangely abolished in the case of companies after providing that a company is resident in British India unless "the central control and management of its affairs is situated wholly without British India". Foreign companies, therefore, carrying on large business in the country for a number of years will be treated as non-residents and will be in a superior position over resident companies, for their foreign income will altogether escape assessment

while in the case of resident companies the foreign income will also be liable.

The Committee do not see any reason to grant such exemptions to foreign companies which will mean so much less to the revenue of the Government of India. They believe that such subtle distinctions as domicile and resident place foreigners and foreign companies in an advantageous position over residents and resident companies, and should, therefore, be abolished. The definition of 'resident' in the case of Companies should for the same reason be changed and companies should be deemed to be resident in British India if any part of their affairs or business is situated in British India.

Clause 6.—The Committee appreciate that it is proposed to create separate class of officers called the Appellate Assistant Commissioner for hearing appeals, but they would suggest that the separation should not be merely in name. The Appellate Assistant Commissioner should be selected from outside the department so that he may be free from departmental prejudices. It is desirable to create an atmosphere of security and confidence at the very outset and this can be done by having men who are familiar with the working of the department but are at the same time from outside the department and in no way subordinate to the Commissioner of Income Tax. This is necessary because the Inspecting Assistant Commissioner will have a hand to a large measure in the actual assessment basis and in such circumstances the discretion of the Appellate Assistant Commissioner, if he is a man of the Department, would not be freely exercised.

There does not seem to be any utility for the class of Officers called the Inspectors except that they may hold local enquiries under section 38. They do not seem to have other functions allotted to them. If local enquiry is necessary, it must be held as the Committee have observed before, by the Inspecting Assistant Commissioner. Moreover, as two classes of Assistant Commissioners, *viz.*, the Appellate Assistant Commissioner and the Inspecting Assistant Commissioner are proposed to be appointed, there does not seem to be any necessity of the additional class of officers called Inspectors,

Clause 8.—Explanation 2 which is proposed to be added to Section 7(1) provides that payment due or received by an assessee from an employer or former employer or from a Provident Fund or other fund at or in connection with the termination of his employment is a profit received in lieu of salary for the purposes of the Act unless the payment is made solely as compensation for loss of employment and not by way of remuneration for past services. The Committee would, however, point out that contributions made to unrecognised provident funds are not allowed as deductions and tax is levied on such contributions. If the tax is also levied when payment of the accumulated sum is made, the same income will be more than once taxed. Moreover, the taxing of the accumulated payment will prove a great hardship to the assessee for what is once taxed at a lower rate year by year will be taxed at a higher rate at the time when it is paid to an employee as an accumulated amount. An accumulated sum paid to an employee at the termination of his employment cannot in any way be deemed to mean an addition to or to be in lieu of the salary of the employee. Explanation 2 should, therefore, be deleted. Moreover, income is that which is actually received and not what is due to be received. Salaries should be assessable when actually paid in case of employees other than under the Crown. Under a private employer the employee does not always get a salary regularly and cases where an employee has to forego his salary for months together are not rare.

Clause 9.—The determination of the income assessable under the head "Income from property" is based on the notional value of the same, notional value being technically called the *bonafide* annual value. Actual income, profit or gain from the property is no criterion for the determination of the quantum of assessment. In the case of property where there is a tenant who does not pay the rent due, the assessee cannot claim any benefit on the ground that the rent is not realisable. He is still liable for payment of tax for the same and it will be determined on the principle of the *bonafide* annual value. The proposed amendment will, therefore, prove hard to the assessee who is a property owner. No amendment in the existing section is desirable.

The proviso to sub-section 2 is proposed to be deleted but it should be clearly stated that the dwelling house should not be taken

into account in determining the income of an assessee. When one lives in a rented house no allowance is given for the rent paid. There are also cases where an assessee happens to be the owner of more than one dwelling house. So, much of his capital, therefore, remains locked up in that property and he has to incur charges for the upkeep of the property every year. It is, therefore, reasonable that a dwelling house which does not yield an income or return of capital but is often a matter of expense should not be included in the assessment.

There was some objection as to taking one-tenth of the total income of the assessee to be the value of the dwelling house for purposes of assessment. In meeting the objection the proviso to sub-section 2 has been deleted. However, it would result in an additional hardship to the assessee. No change is, therefore, needed in the existing section.

Managing Agents' Commission.

Clause 9(c).—The proposed sub-section 3 provides that where property is owned by two or more persons and their respective shares are definite and ascertainable, such persons shall not in respect of such property be assessed as an association of persons, but the share of each such person in the income from the property as computed in accordance with this section shall be included in his total income. The Committee would point out that the Income Tax Department refuses allowance of portions of commission paid away by Managing Agents to other parties, while computing the liability of the Managing Agents to Income Tax. The Managing Agents often pay away certain portions of their commissions to other parties and though the same are ascertainable, no allowance is given to Managing Agents on that behalf. The Income Tax Enquiry Committee which also examined the question stated that "we understand that a case on this point is being taken to the Privy Council but we consider that whatever the result of that case the tax liability in respect of such commissions should be imposed upon the recipients and allowance made therefor in computing the liability of the Managing Agents by, we suggest a notification under section 60(I) of the Act." The Committee of this Chamber have repeatedly written to the Central Board of Revenue, requesting them to issue a notification under Section 60(I) as recommended by the Enquiry

Committee but the same has not yet been issued. The Committee had also an occasion to discuss this matter with Mr. J. F. Sheehy, I.C.S., Member, Central Board of Revenue, and he also admitted the iniquity of making the Managing Agents liable for payment of Income Tax and Super Tax on the gross amounts received by them from the company. He agreed that, in his opinion, the reasonable thing would be for each recipient to pay income tax and super tax on the portion received by him. The Committee suggest that provision for this purpose should be expressly made in the Act.

Depreciation.

Clause 10.—Sections 10(2) (vi) and 11(2) (ii) of the present Act provide that in the computation of profits of business, professions and vocations, allowance shall be made in respect of depreciation of buildings, machinery, plant and other assets of a percentage, prescribed by rule, of the original cost thereof, to the assessee. The Income Tax Enquiry Committee remarked that the “system at present in operation makes it a matter of great difficulty to keep track of the various items of plant purchased at different dates and of the year in which they should drop out of the depreciation computations by reason of the full 100% allowance having already been made”. The Enquiry Committee further state that the written down value basis automatically secures that the aggregate allowance can never exceed 100% and “on theoretical grounds there is at least as much to be said for the written down value as for the present basis, but no method has been found which gives universally satisfactory results”. The Enquiry Committee, therefore, recommended that the allowance should be “in respect of depreciation of such buildings, machinery, plant or furniture, being the property of the assessee, a sum equivalent to such percentage on the written down value thereof as may in any case or class of cases be prescribed, but not exceeding the amount actually written off in the books of the assessee provided that where the aggregate allowances from the commencement of Act up to and including any year, do not exceed the aggregate of the sums written off in the books of the assessee for the same years; this limitation shall not be applied”. The recommendation of the Enquiry Committee is incorporated in the Bill. However, as the Committee of this Chamber pointed out in their Memorandum “the principle on which this allowance is made is

really to recoup the capital invested for the purchase and acquisition of buildings, machinery plants and other assets" and it is essential that this cost should be calculated on prime cost year after year. If the proposed change is introduced and depreciation calculated on the written down value of the plant year to year instead of on the original cost thereof, the Annual allowance of depreciation to the assessee according to the fixed percentages on the same capital cost will be reduced year by year, as after the first year, it is to be calculated on the written down value and not on the original cost value. Taking a concrete example, a plant costing Rs. 100 to be depreciated at Rs. 5 according to the existing method, will be completely written off in 20 years at the rate of 5% and the annual allowance for depreciation would be Rs. 5. Whereas according to the proposed method, the allowance will last over a period of more than 20 years and the depreciation allowance will be Rs. 5 in the first year, Rs. 4.75 in the second year and Rs. 4.51 in the third year and so on. At the present rates of percentages for allowing depreciation, the assets which would be written off in 20 years at 5% depreciation under the present system, would take 104 years. The Enquiry Committee had recommended that "higher percentage rates would be necessary under the written down value basis to give corresponding results" and the Government may accordingly fix higher percentage rates. It cannot, however, be denied that the depreciation percentage is much higher in the early stage and too low in the later stages. For an asset costing Rs. 1,000 with 5 year's life, the depreciation provision in the first year would be Rs. 602 as against Rs. 15 in the fifth year. Moreover, the assessee will be required to write off the amounts of depreciation in his books to enable him to get the depreciation allowance. Unless he earns considerably high profits, in the earlier stages than in the later stages, he will not be able to get the allowance. And it is practically impossible to get high profits in any business at the beginning. The assessee will not, therefore, be able to write off the amounts of depreciation and as he can carry it forward for six years only, he will stand to lose it in course of time. Further if a business which owing to bad circumstances has accumulated a large amount of depreciation to its credit at the beginning of the New Act, continues to fare badly for the next six years and incurs losses, it would lose under the new arrangement all the available depreciation, namely the old depreciation which stood to its credit for use in future and

which the New Act appears to provide, should be used up in the first six years and the new depreciation to which it would be entitled in the first six years if the business earned profits. In order to safeguard his position, the assessee will have to, in a year of loss, debit depreciation to his profit and loss account although there may not be any profit from which the same could be written off, thereby increasing his loss for the year. In such cases and even in cases when there is a small profit, the books will show big losses and this will greatly impair the credit of the industrial concern. In the Ahmedabad Textile Industry, for example, where the industry is mainly founded by deposit system such a procedure would entail serious results.

The Committee would further point out that by allowing depreciation only to the extent to which an assessee makes provision in his accounts, certain assessee who have written down their assets drastically stand to suffer. For example, if an assessee has incurred a capital cost of Rs. one lac for his business and out of prudence from his past year's profits has very greatly depreciated his block and brought it down in his books to say Rs. 10,000; in the past, the Income Tax Officer would have allowed him only depreciation on the fixed percentage basis and not the large amounts that he may have written off. The result will be that he has now only Rs. 10,000 to write off from his block account and he would only be entitled to depreciation for this amount as and when he writes off. The further result would be that the Income Tax Officer owing to the coming into force of the proposed amendment would deprive the assessee of a legitimate position of his depreciation, as in the end against 100% depreciation, he would get only 50 to 60% depreciation. The Committee are, therefore, of the opinion that depreciation percentage should be calculated on the original cost of the plant.

Bad debts.

Clause 10(b) (v).—In the proposed clause (XI) such sum will be allowed as bad and doubtful debts “as the Income Tax Officer may estimate to be irrecoverable”. It has been, however, admitted even by the Income Tax Enquiry Committee “that the treatment of bad debts claims is one of principal causes for the existing dissatisfaction with the Income Tax Department”. The Enquiry Committee further state, “in some cases it appeared to us that the efforts

of the Income Tax Officer were directed towards the discovery of technical objections to allowance rather than to the determination as a fact whether or not the debt claimed was actually irrecoverable". The amendment however does not remedy the position in any way for it empowers the Income Tax Officer to estimate the amount to be allowed as bad debts. The Enquiry Committee had proposed that the instructions in the Manual for the guidance of Income Tax Officer should be amended to make it clear that the assessee's estimate in the case of doubtful debts and the year for which allowance is claimed should only be challenged for adequate reasons. As the Committee of the Chamber pointed out in their Memorandum on the Income Tax Report, the assessee is the best judge to consider whether or not a particular debt will be recoverable. Moreover, any portion of the debt which is recovered always finds place in the books of the business and is taxed as a matter of course. The Committee, therefore, do not see why despite the grievance of the assessee against the Income Tax Officer in this respect which is admitted by the Enquiry Committee, the Income Tax Officer is sought to be made the sole judge as to how much should be allowed for bad debts or when it should be allowed. Further if the assessee establishes his claims for certain bad debt in a particular year he should be allowed that amount in addition to what may have been disallowed as being premature in a previous year.

Clause 15.—The limit of Rs. 6,000 mentioned in clause (b) is too low. The fixing of such a low limit would retard the growth of insurance-mindedness which should rather be encouraged. Further as the Enquiry Committee also acknowledged, Hindu undivided families should be placed on a different footing as far as the prescribing of the maxima allowance under this head is concerned. In the United Kingdom relief is given to an assessee in respect of life assurance premium to the extent of 1/6th of his total income "at an appropriate rate". The present system of giving relief under this head should therefore be continued. Moreover, the proposed sub-section 4 should not be added. The principle in these allowances is to exempt the same from the total assessable income and there is no reason to alter the same.

Settlements and dispositions.

Clause 16.—Clause (c) of the proposed sub-section (1) provides that all income arising to a person by virtue of a settlement or dis-

position whether revokable or not from assets remaining the property of the settlor or disponent shall be deemed to be the income of the settlor or disponent and all income arising to any person by virtue of a revokable transfer of assets should be deemed to be the income of transferor. However, there is no ground for presuming that all settlements whether revokable or not are made to evade tax, if the property in the settlement or the disposition remains with the settlor or disponent. Considerations of natural love and affection very often make persons settle a fixed income on their objects of affection and it should not be deemed to be effected merely for the purpose of avoidance of tax. The Committee, therefore, believe that in case of irrevokable trusts, the income tax of such trusts or settlement should in no case be considered to be the income of the settlor or the disponent irrespective of the question with whom the property in the trust or the settlement remains.

Amalgamation of the Incomes of Husband and wife.

Clause 17.—The new section proposes that where two persons are husband and wife, the tax payable by either spouse on his or her total income shall be an amount bearing to the total amount of tax including super tax which would have been payable on the sum of the two total incomes had such sum been the total income of one individual, the same proportion as the total income of such spouse bears to the sum of the two total incomes. The Income Tax Committee had considered the question and the amendment in the present Bill is on the line of their recommendations. They had also suggested an exemption up to the limit of Rs. 500 in the case of a wife's income derived from her personal exertions and unconnected with any business of her husband. The suggestion is incorporated in the proviso to the proposed section 17(1).

It appears that the recommendation of the Enquiry Committee was influenced by the consideration about avoidance of tax by nominal partnership. The Committee have fully discussed that subject in their Memorandum on the Income Tax Enquiry Report. As pointed out therein, in the case of a nominal partnership between husband and the wife there is an identity of purpose and community of interests between the partners *inter se* apart from relationship that subsists among them and they are bound by a Contract which they

have entered into in forming a partnership. In this case the business relation is out and out a contractual relation and they are bound each to the other by the contract that they have entered into and it has nothing to do with their domestic relationship. The rights and liabilities have also limitations under the law which will govern each and bind each of the partners. If this is in strict accordance with the provisions of law prevailing in the country, it is surprising how the law of the country can be set aside and made something different for income tax purposes.

Moreover, the recommendation follows the corresponding provisions in the English law. Not only are the conditions of life in India different from those in England but the incidence of taxation in the two countries also falls on the individual in a very different way. In England while the incomes of the husband and the wife are aggregated, a number of allowances are granted to the assessee for example, on account of his wife, each child and so forth. No such allowances are given in India. The Income Tax Enquiry Committee has strangely said that the question of allowance for a wife is "entirely unconnected with the question of aggregation of the incomes of husband and wife". While discussing the question of allowances they have further stated that "the married state is the general rule in India and the proportion of unmarried assesseees is not great enough to justify the complications that would be involved in an attempt to differentiate in favour of the remainder". However, the fact that the proportion of unmarried assesseees is not great enough is a reason which calls for special consideration for the simple reason that the "ability to pay" tax much depends upon the married condition. The Committee believe that without the corresponding allowances, the aggregation of the incomes of the husband and the wife is decidedly an unfair burden on the assessee.

There may be cases of avoidance of tax by investing money in Benami transactions. But in making provision to apprehend such income, the amendment goes too far and prejudices *bonafide* transactions. Stridhan in Hindu Law and dower in Muslim Law stand on their own and the Income Tax Law cannot operate against the exclusiveness of these properties. The Committee would, therefore, suggest that the Government should reconsider the whole question.

Sub-section (2).—Persons affected are British Indian subjects and the subjects of an Indian State. It cannot be understood why the burden should fall on only these two classes of people. A Britisher non-resident in British India may have total world income in the same way as a non-resident Indian may have. It is not reasonable why the law should apply to them in a different manner. The proposed sub-section 3 is also unreasonable. Anything which is excluded from the operation of this Act should not be taken into account for the purpose of calculating the tax including the super tax as if no part of it had been exempted.

Clause 18.—This clause proposes that any person responsible for paying any income chargeable under the head 'salaries' shall at the time of payment deduct income tax as also super tax on the amount payable at a rate representing the average of the rate applicable to the estimated total income of the assessee under this head. There is no reason why the employer should be made to enquire and ascertain the rate and deduct tax on the total income which may include interest, allowance perquisites, etc., paid to the employee. Further it is desirable that the employer should be liable only for the deduction of income tax and that the super tax should be collected by the Government.

Clause 20.—This clause proposes to reduce the amount of Rs. 1,000 in Section 20(A) to Rs. 200. Section 20(A) was introduced by the supplementary Act of 1931 and the limit of Rs. 1,000 was fixed. In fact the limit should be raised to Rs. 2,000 which is also the assessable limit according to the last Finance Act. To reduce the limit to Rs. 200 would mean much inconvenience and expense to the person paying such amount, especially to a company or firm. If the amount is to be reduced to that limit the Government should revert to the old practice which has been discontinued for some time past to pay some commission or allowance to those who compile such lists.

Compulsory returns.

Clause 22.—The Income Tax Committee in their desire to stop all evasions recommended that every person who has an income liable to tax should be required by law to make a return subject to a penalty for failure, whether or not an individual notice to make

such a return has been served on him by the Income Tax Authorities. They found it anomalous that there is no obligation on an assessee to make a return unless served with a notice to do so. This clause incorporates their recommendation in this connection. The Enquiry Committee have, however, completely ignored the fact that the majority of people in India are too poor to be liable to income tax and are too illiterate to follow the complex system of assessment. Moreover, if the proposed amendment is read along with Section 23 sub-clause (1), proviso (A), it will appear that the provisions in the Bill about compulsory returns go even beyond the recommendation of the Enquiry Committee. Everybody low or high will have to submit his return compulsorily. As the Committee of this Chamber have pointed out in their Memorandum on the Income Tax Report, the practical aspect of the whole question has been completely ignored. It is well nigh impossible in a country like India to expect everybody to submit his return. There are cases among the working classes where a man, his wife and even minor children are all engaged on daily wages and the Income Tax Officer attributing to them the knowledge of all the complicated provisions of law, will impose a penalty on them if they fail to submit a return, even though it may be proved that the income did not attract taxation. Moreover, there are a large number of cases on the border lines. These persons will be put to much inconvenience and harassment, even though the Government would not benefit in any way. The experience of the Indian Finance (Supplementary and Extending) Act, 1931, whereby Government tried to levy more tax by lowering the limit of taxation to Rs. 1,000 should not be lost sight of. The administrative difficulties which will have to be encountered and the increase in the staff of the Department that will be required should also be considered. Moreover, a legal liability to submit compulsory returns will become a fruitful field of oppression, specially in rural areas.

The Enquiry Committee state that so long as there is a possibility of any considerable number of persons evading tax with impunity, a grave injustice is suffered by those upon whom the burden of taxation thus falls. However, it should be remembered here that there are numbers of cases where income tax is deducted at source at the maximum rate and the people being either illiterate or not knowing the provisions of law or having no easy means of approaching the authorities with an application for a refund do not

get the refund and this means so much gain year after year to the Government. This injustice to the public is not sought to be remedied in any way.

In Clause 22, it is stated that every person "whose income exceeds the maximum amount which is not chargeable to income tax" shall be required compulsorily to furnish a return. On the other hand, the proviso to Section 28(I) proposed in Clause 32 of the Bill, lays down that even if a person proves that he has no income liable to tax, a penalty not exceeding Rs. 50 may be imposed upon him. This is most iniquitous. In no case should a person who is not liable to tax be penalised for not submitting the return. Even the Income Tax Committee stated that in the case of a person proved to be not liable to tax, a penalty should be exigible only if he has failed to comply with a specific notice requiring him to put in a return. It is surprising that the provisions of the Bill seek to impose a penalty upon a person though not liable to tax, for the only reason that he has not submitted a return in accordance with the general notice which may have been published in the press.

The Committee of the Chamber emphatically believe that no penalty should be imposed when a person proves that he is not liable to tax. Moreover, in view of the existing provisions about compulsory returns to be submitted by companies, about deduction of tax at source in case of salaries and at a maximum rate in case of interest on securities, and supply of information about interest and dividends, the Committee further believe that no provision about compulsory return should be made. Not only would such a provision be impracticable but it would cause much inconvenience and harassment to the people and be a source of oppression especially in the rural areas. The Committee hold that the existing provisions should not be changed.

Proviso to Section (I) provides that the Income Tax Officer may in his discretion extend the date for the delivery of the return. It should be provided that the Income Tax Officer should not refuse any reasonable request for an extension of time.

Sub-Clause (c) omits the words "and any return so made shall be deemed to be a return made under this Section". There is no reason why the assessee should not get the chance of correcting his *bonafide* mistake.

Clause 23.—Section 23(4) is proposed to be amended by substituting the words “in the case of a firm may refuse to register it or may cancel its registration if it is already registered” for the existing words “in the case of a registered firm may cancel its registration.” It is not desirable that registration should be cancelled in this way. Moreover, under the present Act, the Income Tax Officer has to give 14 days notice but that privilege is also taken away by this amendment.

Section 23(5)(b) which is proposed to be added provides that the Income Tax Officer may assess an unregistered firm in the manner applicable to a registered firm if in his opinion the aggregate amount of the tax including super tax, if any, payable by the partners under such procedure would be greater than the aggregate amount which would be payable by the firm and the partners individually if the firm were assessed as an unregistered firm. However, the option of registration is given only because the Government may be able to collect more tax from unregistered firms. But to turn down the option and to assess the firm in the manner of a registered firm if that is likely to bring more income to the Government, is not fair. Such a policy is bound to have repercussions on the growth of business firms and partnerships.

Non-distribution of profits.

Clause 24.—Section 23A(2) of the present Act which is designed to deal with non-distribution of profits by companies under the control of not more than five of its members has been virtually a dead letter, only one order having been passed under that section from its insertion in 1930 up to the end of 1935-36. The Income Tax Enquiry Committee, therefore, recommended that the section should apply “where the profits distributed (grossed up to include income tax) are less than 60% of the assessable income of the company” provided that where the reserves of past profits exceed the paid up capital the section shall apply if the profits distributed are less than 100% of the whole assessable income of the company. This recommendation is incorporated in clause 24 of the Bill. Such an arbitrary arithmetical criterion, however, will be extremely prejudicial to firms and companies. It is explained in the notes on this clause that “subsidiary companies and the companies in which the public are substantially interested are still excluded from the

operation of the Section". It is, however, doubtful if the new sub-section really excludes them. It is proposed to apply it only to those concerns which are under the control of not more than five persons. There is, however, no definition of 'control' in the Bill and it is not known how it will be construed. When the arithmetical criterion is proposed to be applied it must be made clear that the section does not apply to public companies.

Moreover, the fact that the section has been a dead letter till now, shows the practical difficulties in the way of its enforcement and to rule them out by an arbitrary rule is very unreasonable. It is surprising that the Income Tax Committee even stated in this connection that "the questions of motive and of possible future requirements of the business for expansion, etc., should not be taken into account". This gives a hint as to how the new section will be enforced. The important role of even private companies from the industrial and commercial viewpoint cannot too much be emphasised and the Committee strongly oppose such intrusions in the affairs of firms and companies, disregarding of their requirements. Such a provision does not exist in the United Kingdom. Moreover, the section applied to all cases unless the Income Tax Officer "is satisfied that having regard to losses incurred by the Company in previous years or to the smallness of the profit made, the payment of a dividend would be unreasonable". The powers under this section are, therefore, liable to be abused by the Income Tax authorities. The amendment further does not distinguish between old and new companies. A company may not declare a dividend in the year of assessment but it may do so after two years. The amendment does not provide for such cases. The Committee of the Chamber are, therefore, of the opinion that no alteration should be made in existing Section 23A.

Clause 25.—In the last para of the proposed sub-section (2) losses are allowed to be carried over only for 1, 2, 3, 4 and 5 years respectively in case of assessments for the years 1939-40, 1940-41, 1941-42, 1942-43 and 1943-44. The provision about six years should be extended to all.

Clause 27.—The main object of section 24(B) is to recover tax in the hands of executors, administrators, etc., on account of income, which, but for the death of the person earning it, would have been

assessable in his hands. It is hardly fair that the powers under section 34 should also be used in this connection. In the actual enforcement of these provisions, many a family has been stranded and turned out of the house by the Income Tax Officers. Cases where the bread earner of the family dies fairly young leaving a widow and a number of minor children are very large in number as compared to the case of a rich man dying and his estate not paying the tax after his death. It is, therefore, desirable that this Section should be altogether deleted.

Clause 30.—In the proviso to new sub-section (2) it is provided that when the tax assessed on the person succeeded cannot be recovered from him, it shall be payable and recoverable from the person succeeding. It is not reasonable to make the succeeding person liable to pay tax when it is not recoverable from the person succeeded. Such a provision should, therefore, be omitted.

Penalties.

Clause 32.—The question of penalty to be imposed under the proviso (a) to the proposed section 28(1), upon a person who has not submitted his return, even though his income may not be liable to tax is already dealt with under Clause 32. Further there is no reason for giving special privileges to Agents of persons not residents in British India as is intended in the proviso (b). The imposition of a penalty in cases where a return or revised return is submitted under Section 22(3) or a correct return is submitted under section 34, is also not desirable. There may be genuine cases where omission or wrong statement in the return may creep in without the knowledge and intention of the person making the return. Imposition of penalty in such cases is not desirable. The provisos (a), (b) and (c) to sub-section (1) of section 28 should, therefore, be deleted altogether.

Moreover, the imposition of penalty of twice the amount of tax payable is not reasonable. Penalty should not be made an additional source of revenue to the Government. The penal provisions under this clause are absolutely unreasonable. The Committee would suggest that there should be no alteration in Section 28 of the Act.

Clause 34.—It is understood that appeals will be allowed against all assessments. An appeal in respect of a matter under

Section 23(a) is however, prohibited. Similarly, there should be appeals on assessments under sections 42 and 43 and in case of penalties under section 45. An appeal is certainly a check on the abuse of power by the Income Tax Officers.

Appeals.

Clause 38.—The Income Tax Enquiry Committee had stated in their report that “the desire to be able to appeal to an independent non-official body on important questions of fact is widespread and not unreasonable and we recommend, therefore, that one All India Tribunal be set up consisting of six persons chosen by the Governor General in Council to hear appeals, on questions of fact or law, against decisions of Assistant Commissioners under Section 31 and against orders of the Commissioners under Section 32”. As the Committee of the Chamber, however, pointed out in their Memorandum on the Report it was not desirable to have such an All India Tribunal to replace the High Courts in Income Tax matters as “apart from the question of costs it is not always possible for an assessee in the village, say of Madras, Bombay or Bengal to come with all their books and evidence before the All India Tribunal for a hearing or for redress of their grievances. Even in small cases there may be important questions of law to be decided, but it may even become physically impossible for the ordinary assessee living in a village to approach the Tribunal”. The Committee of the Chamber, therefore, suggested that local tribunals may be established in complete supersession of the Assistant Commissioners, such tribunals being independent of the Income Tax Department, “for the grievance of the assessee against the officer who made the assessment may be as great as that of the officer against the assessee”. The Committee had further suggested that after the first appellate tribunal the appeals should be ordinarily preferred to the High Court in its appellate jurisdiction and in appeals involving the demand for the payment of more than Rs. 1,000 the High Court may be given the power of going into the merits of the case as in the case of first appeal.

The Bill, however, does not contemplate such local tribunals but provides for the appointment of the Appellant Assistant Commissioners and Inspecting Assistant Commissioners. The Appellate functions are thus sought to be separated and the

Appellate Assistant Commissioners are placed directly under the Central Board of Revenue. As observed in the preliminary remarks to this Memorandum, the Appellant Assistant Commissioners should be made entirely independent of the Commissioners and a Board of Referees as contemplated by Section 33A, which is proposed to be deleted by clause 38 of the Bill should be set up and its scope enlarged so as to enable it to entertain appeals from the decision of the Appellate Assistant Commissioners on questions of both law and fact. The assessee as also the Government may appeal to the Board. The Committee would, therefore, propose to retain Section 33A and enlarge the function of the Board of Referees who should be empowered to entertain all appeals instead of those relating only to Section 23A.

Section 33A should be remodelled therefore, as under: "Any person aggrieved by an order of Appellate Assistant Commissioner under Section 31 may within 30 days of the date on which he was served with a copy of such order lodge an appeal in the office of the Commissioner praying for a reference to the Board of Referees".

(2) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(3) The Commissioner shall thereupon refer such appeal to a Board of Referees for decision and the Board of Referees shall decide the appeal after hearing the appellant and any person deputed by the Commissioner.

Provided that if in the opinion of the Commissioner any case decided by the Appellant Assistant Commissioner requires revision, in the interest of the department, he may also prefer an appeal to the Board of Referees for a decision thereon.

Reopening of assessments.

Clause 39.—Section 34 provides that if any income profit and gains chargeable to income tax have escaped assessment in any year or have been assessed at too low a rate, the income tax officer may at any time within one year of the end of the year serve a notice upon the person liable to pay tax for the same and proceed to assess or reassess such income profits and gains. The Income Tax Committee recommended that the time during which assessments may be reopened under this section should be extended to

six years from the end of the year of assessment. Clause 39 of the Bill incorporates the recommendation of the Enquiry Committee and seeks to amend section 34 of the Act to that effect. However, it should be realised that the present provision itself prolongs the period within which assessment may be reopened to about 3 years. For example in respect of income accruing in the year 1937-38, the first assessment is made in the following year namely 1938-39 and reassessment can be made at any time within one year after 1938-39 that is up to the end of the year 1939-40. Moreover, it may be pointed out that the law at present does not say that the re-assessment order itself shall be made within the limit of time prescribed, but only lays down that the reassessment proceedings shall be started within that time. The actual assessment order may take a long time even after the end of third year. To extend this period by a further period of five years is to make the position of the assessee unbearable. It is well known that generally even the full set of books of account are not preserved for more than three years. It is extremely unreasonable to expect the assessee to produce every scrap of paper after a period as long as nine years in order to prove that he has not been under-assessed or that no part of his income has escaped taxation.

Further it is proposed to substitute the words "if for any reason" in the existing section 34 by the words "if the Income Tax Officer is of the opinion that". As decided in a recent case by the Calcutta High Court the present section 34 contemplates cases only where any income or profit and gain chargeable to income tax has escaped assessment or has been assessed at too low a rate. It does not give the Income Tax Officer power to rake up any old case without any definite data to go upon. Still, however, the Income Tax Officers at present open assessment without any data after giving vague and indefinite notices. Very often the incompetent Income Tax Officer when he finds that the file is being called up by a superior officer for inspection takes good care to see that a notice under section 34 for reopening assessment is issued. Moreover, if there is any increase in the income of the assessee in the year of assessment, the Income Tax Officer finds a plea for issuing a notice, under Section 34 to reopen the previous year's assessment. It is absolutely forgotten that such a notice is to be given only when some income has definitely escaped assessment or has been assessed at too low

a rate. It will, therefore, be seen that by changing the wording of the section to "if the Income Tax Officer is of the opinion that", the wide powers conferred by it on the Income Tax Officer will add much more to the harassment, the assessee is subject to at present. Coupled with the fact that the period of reopening of assessment is sought to be extended to six years the assessee will be in a very unenviable position.

The Committee cannot too much emphasise that there should be a finality in assessments and the assessee should have a sense of security to enable him to pursue his other avocations. In no case, therefore, should the period of reopening of assessment be extended to six years. In effect such a period will come to eight to nine years and it will be nothing short of a regular persecution of the assessee. It is said that because assesseees would be allowed to carry forward their losses for six years, the Income Tax Department should be empowered to reopen assessments for that period. However, there is absolutely no connection between carrying forward of losses and reopening of assessments. Losses are to be ascertained in a particular year and marked as such and will then be allowed to be carried forward. There is no similarity even between carrying forward of losses and reopening of assessments.

There should, therefore, be no amendment in the existing Section 34. Moreover, the notice for reassessment under section 34 issued to an assessee who has already been assessed must state definitely the source of income which has escaped assessment or which has been assessed at too low a rate.

Clause 42.—This clause proposes a new clause in sub-section 1 of Section 38 as also a new sub-section 2. The new clause empowers the Income Tax Officer or the Assistant Commissioner to require any assessee to furnish a statement of the names of persons to whom he has paid interest, commission or the like amounting to more than two hundred rupees together with all the particulars. The question of furnishing information about interest paid is already discussed in reference to clause 20 of the Bill. However, this clause provides that all information about "rent, commission and the like" is to be supplied to the Income Tax Officer when required. It is not fair to put an assessee into so much trouble, not for ascertaining his own assessable income but simply to elicit information which

may enable the Income Tax Officer to contradict some other assessee.

The new sub-section 2 proposes to empower the Income Tax Officer and even the Inspector to enter between sunrise and sunset the premises of any person and make therein any inquiries he considers necessary. The Income Tax Officer is further empowered to call for and inspect the accounts and to stamp such accounts as are inspected. Such wide powers in the hands of the Income Tax Officers and Inspectors are decidedly dangerous. Even the Enquiry Committee recommended that the power to enter the premises should be exercised only "on the written instructions of the commissioner", and "between reasonable hours". The amendment omits these requirements and seeks to leave the assessee absolutely in the hands of the Income Tax Officer and even in the hands of the subordinate Inspector. It cannot be gainsaid that such powers will be much abused and the assessee will be put to harassment in a number of ways. Such power can easily be utilised for the purposes of blackmail as also by rivals who may resort to it for knowing the trade secrets of an assessee. Moreover, the Income Tax Officer at present is the judge and the prosecutor of his case and such further power will make him also the witness of the case. The Committee of the Chamber, therefore, believe that there should be no amendment in Section 38 of the Act.

Clause 43.—The expression "being entitled to receive" should be omitted. For what one may be entitled to receive he may not at all receive and to tax it in anticipation of its actual receipt would be wrong. What is not actually received can in no case be considered as income, profit or gain.

Clause 48.—Clause 48 proposes to insert Chapter V-B after V-A. The new Chapter relates to special provisions regarding avoidance of liability to Income Tax and Super Tax by transfer of assets abroad. Amendments have already been made in Sections 4, 40, 42 and 48 and the proposed addition of Section 44(d) in Chapter V-B is highly objectionable. The language of the section is also not clear and there will be a great confusion in practical application of the same. The section will affect only Indians for non-Indians who go away with large capital from the country will not be touched by this section except in a few cases. There will be

a little enhancement of the revenue but there is every chance of great hardship resulting to an honest assessee. This clause, should therefore, be deleted.

Refunds.

Clause 51.—Section 48 which provides for refunds to Shareholders, members of a Registered firm, owners of securities or salaried persons in case when the rate of Income Tax applied is greater than the rate applicable to their incomes, has been remodelled in the Bill and Section 48(a) has been omitted. The remodelled section 48 is to be in general terms but if strictly construed it excludes the case of the shareholders, who get refunds on the dividends. Moreover, the mention of shareholders in connection with dividends is also omitted in Section 14. A provision for this may be said to have been made in Section 49. On a question of interpretation, however, it will be taken to apply only to those who pay tax in the United Kingdom. The Committee would, therefore, suggest that mention should be made of shareholders in respect of dividends in Section 48

Section 48(a) which is proposed to be omitted was inserted in the Act of 1933 when the necessity was keenly felt. There always do exist cases of genuine hardship where the existing provisions of law do not strictly apply, but section 48(A) will cover all such cases. It is, therefore, desirable that Section 48(A) should be reinserted and Section 48 should remain as it is.

It may also be mentioned here that Section 14(2) of the Act provided that tax shall not be payable in respect of any sum which the assessee receives by way of dividends as a shareholder of a company where the profits of the company have been assessed. This provision has been omitted and it is proposed in clause 16 of the Bill that for the purposes of inclusion in the total income of an assessee, any dividend shall be deemed to be income of the year in which it is paid. The proposed sub-section 2 of Section 16 should, therefore, be omitted.

Double Taxation Relief.

Clause 53.—Section 49 which grants relief only to those who pay Income Tax in the United Kingdom should be omitted altogether from the Bill. Instead of attempting to find out new ways to increase

the revenue of the Government, the double taxation relief granted under this Section should be abolished. The Government of India would stand to gain to the extent of Rs. 1½ crores by such abolition. While there are only few Indian concerns operating in the United Kingdom, there are large non-Indian concerns working in this country. The Committee do not see any reason why such an indirect subsidy should be given to these concerns, and they are of the opinion that double taxation relief should, therefore, be abolished and the reciprocal arrangements with the United Kingdom in this connection made in 1920 should be terminated.

Moreover, the existing provision about dividends and refunds are better and should be kept as they are.

Clause 56. —In Section 50, it is not desirable to extend the period of limitation for claims of refund to six years. The Act should not go back to such a length by keeping the Government and the parties hanging as many complications would unnecessarily arise. In view of the fact that the operation of the machinery of the law is dependant on the passing of the Finance Act every year, it is necessary that there should be harmony with the actual rate of tax as indicated in the Finance Act. Similarly the assessment should also not be re-opened for six years.

Clause 71.—The question of exemptions under Section 60(1) has been discussed in the preliminary observations to this memorandum.

The Committee trust the views expressed above will receive your careful consideration.

Yours faithfully,
(Sd) S. R. DHADDA,

Secretary

Appendix II

**REPLY STATEMENT
OF
THE INDIAN CHAMBER OF COMMERCE, CALCUTTA**

**To the Questionnaire issued by the Bengal Jute
Enquiry Committee (1938)**

Appendix II

Reply Statement of

THE INDIAN CHAMBER OF COMMERCE, CALCUTTA

*To the Questionnaire issued by the Bengal Jute Enquiry
Committee (1938)*

(NOTE:—In this Statement, the replies are against the questions to which they generally relate. Reference to particular component parts of the questions are not given unless necessary).

REGULATION OF PRODUCTION.

Q. 1. At the outset the Committee would like to draw a distinction between the *Restriction of Production* and Regulation of Production. While "restriction" of production may be necessary for "regulation of production," it may not always be so. The purpose of regulation of production is to adjust supply to demand in order to avoid violent fluctuations in the price structure of the commodity regulated and either restriction or propaganda for larger sowings may be necessary for such regulation, according to the fluctuation in demand though so far as jute is concerned, the Committee realise that regulation may mostly have to take the form restriction. The Committee are in favour of a policy of scientific regulation of production.

There are instances of attempts at the regulation of production of other commodities having been successful, e.g., rubber and tea, etc. As the production of jute is mainly concerned in Bengal, the question of regulation may be easier in the case of jute. It is, however, essential that the other neighbouring provinces of India which produce jute must also join the scheme of regulation. It must also be borne in mind that whereas in the case of rubber, tea and tin, the production of the commodity is confined to a few large and organised producers, jute is cultivated in small holdings by thousands of cultivators all over the province. There is, however, one point which the Chamber would like to stress and that is with regard to the price-factor. If there is any artificial increase in the price of jute as a result of regulation, it may not only affect the consumption

of jute in the world market but may also give an impetus to the larger use of substitutes.

Q. 2 (a) and (b). The policy of voluntary restriction followed since 1935 has produced, so far as the Committee are aware, very little effect. Evidently the effect of this policy on price has not been much.

Q. 2 (c). The stock of raw jute held in mofussil by growers, etc., and pucca balers has been reduced as a result of smaller crops due to adverse weather conditions. The stock of raw jute held by mills in India has also been reduced owing to increased production. The stock of finished products held by mills have increased on increased production.

Q. 3. There are various alternatives or substitutes which are used to replace jute, e.g., manilla hemp, sisal, flax, thatching grass and other vegetable fibre. Cotton bags and paper bags, etc., are also used in the place of gunny bags. In the opinion of the Committee, however, the price factor is the most important point in this connection. When the price of jute and gunnies rise in India, the use of these substitutes and alternatives receives a spurt. Fiscal policy and Exchange restrictions may also have something to do in certain countries in promoting the use of substitutes. Fortunately, the substitutes have not succeeded so far to any appreciable extent in replacing jute owing to its cheapness. It must be pointed out however, that the consumption of jute goods has not increased during the last 20 years as could have been expected. Use of cotton and paper bags as well as facilities offered for transport in bulk have prevented more jute goods and consequently jute, from being consumed. The Committee understand that attempts are also being made to grow jute in other countries, e.g. Netherlands-Indies, Brazil, South Africa, etc., but it is too early yet to say whether these attempts would prove effective.

Q. 5. The Committee have expressed their general views with regard to many of the questions in reply to question No. 1 above. They would, however, further reiterate that it is essential that other provinces must co-operate in any scheme of regulation. Quotas on an agreed basis may be allotted to different provinces.

Q. 6. If the price of jute goes up as a result of restriction the rental value of land will also go up but only if the prices remain

higher for sometime. The effect of any scheme on rent (i.e., on rent realisations by the Government) would depend upon how the scheme reacts ultimately upon the welfare of the grower.

Q. 7. It has also been pointed out above that regulation of production does not necessarily imply restriction. However, if production of jute is restricted the lands released as a result of such restriction may be utilised for the cultivation of sugarcane, tobacco, groundnut, rapeseed, paddy, cotton and wheat. The Agricultural Department should guide and help the growers in adopting the alternative crops but the Committee do not visualise any compensation or subsidy.

Q. 8. The area to be cultivated may be determined on the basis of the existing stocks and the probable demand for the next following year. The trade has always got a fair idea if the stocks in the mofussil and the jute mills also publish their figures regularly.

Q. 9. World demand for jute would largely depend upon the price factor and trade cycle. If any further use of jute are discovered by the aid of scientific research, the demand should expand.

II. MARKETING OF JUTE.

Q. 10. Jute is sold to Dundee according to the terms of the Dundee Jute Importers' Association's Contract and to the Continental Countries, America and Japan according to the terms of the London Jute Association's Contract. There are certain fixed standards of quality which have been in use for a long time and are recognised by the trade.

Q. 10 (c). Arbitration with regard to Dundee transactions are generally held at Dundee and those with regard to Continental and U. S. A. transactions usually in London. Jute Arbitrations have recently been started in Hamburg also. In dealings with Japan, the arbitration stage is seldom reached as the parties mostly arrive at amicable settlements.

It is wellknown that the system of home guarantee is peculiar to jute trade and acts detrimentally to the interests of the seller in this country. The Committee urge that this system should be abolished.

Q. 10 (d) & (e). With regard to the standards of jute for the export market, the present method appears to be quite workable and the Committee do not suggest any legislation for the fixing of standards for the export of jute.

Q. 11. The most objectionable feature in the marketing of jute in Calcutta is the variation of standards for loose jute from time to time, even during the course of a season. The question of having fixed standards for loose jute in Calcutta has been repeatedly discussed and important public and commercial bodies like the Central and the Provincial Banking Enquiry Committees, the Federation of Indian Chambers of Commerce and Industry, etc., have stressed the necessity of having fixed standards. It is, however, regrettable that nothing so far has been done in the matter. The Committee need hardly point out that when business is transacted on a forward delivery basis, it is essential that the variations in grades under which the commodity is dealt in should be clearly defined and such definitions should not be subject to change by every buyers or sellers unilaterally. It is not unoften that the buyers, i.e., the mills are able to bring about hidden fall in the prices of jute by manipulating standards. Very often the standards are changed even during the course of one season which causes a good deal of confusion in the trade. The sellers are never able to know as to what they are expected to deliver against their contract. Voluntary fixation of standards for loose jute is, therefore, impracticable as it always suits the buyers who are in a strong position to change the standards from time to time. The Committee therefore, suggest that the standards should be fixed by legislation in consultation with all sections of the trade. The present classification of "Top, Middle and Bottom," is otherwise satisfactory as a classification.

Another factor which the Committee would like to stress in this connection is the absence of any Central Organisation for the Jute trade. It will be desirable to have a Central Organisation like the East India Cotton Association of Bombay with all sections of the trade adequately represented therein.

There is also a great lack of storage facilities for jute in Calcutta. Bombay has got large warehouses and it is essential that if marketing conditions are to be improved, similar facilities for the storage of jute should be provided in Calcutta.

Q. 12 (a). The cultivator sells his crop either on the field or in the local market (hats) mostly to *Ferias* and in some cases to merchants. In several cases the *Ferias* and also the *Beoparies* (merchants) mix water with jute after buying it from the cultivator. This practice should be put a stop to by legislation.

Q. 12 (b). There are different customs in different markets regarding deductions and allowances, etc. We favour the abolition of any such deductions.

Q. 12 (c). There are also different weights in different markets. We favour standardisation of weights throughout the province which should be enforced by legislation.

Q. 12 (d). In certain areas, e.g., Chandpur *Ferias* sell on assortment basis. However, the sale of jute in mofussil markets on the basis of the standardisation of grades for raw jute does not seem to be practicable, nor necessary.

Q. 12 (h). As regards information about Calcutta market prices to be conveyed to producers, broadcasting by radio by the provision of radio sets in important centres may be tried. It may also be arranged that the information is displayed on notice boards in the local hats and markets.

Q. 13. The establishment of regulated markets may be a good thing for the trade and experiments may be made at important centres.

Q. 15. *Co-operative Societies*, the experience so far gathered about this movement in India is not very encouraging.

Q. 16. Futures markets are necessary for modern business methods to enable traders to hedge against their future commitments. A genuine and properly regulated futures market would reflect the tendencies which are current in the trade of the particular commodity for which it has been established and to act as a steady influence. In order therefore, that the futures markets may have beneficial effect on the mofussil markets, the Committee recommend that the futures markets should be based on loose jute provided of course that definite standards are fixed for such jute. It must, however be clearly understood that there should not be two futures markets.

As regards control of the futures markets, the Committee would suggest control by a Statutory Body representing all sections of jute trade.

Q. 18. It is very difficult to determine as to what should be considered a fair profit for the cultivator. It will vary with the differing circumstances.

Q. 19. The cultivator's margin of profit can be increased by improved methods of cultivation whereby the same area of land may be made to yield more and better jute. Surplus land released from the cultivation of jute may be utilised for other crops.

Improved methods of marketing and better storage facilities would also add to the producer's profit.

Q. 20. Unrestricted production had a depressing effect on the manufactured goods market and also effected the price of raw jute correspondingly.

Q. 21. Though we entirely agree, the question of fixing the minimum prices seems to be very complicated and of doubtful success inasmuch as jute and gunnies are export commodities. The regulation of production on a scientific basis, as suggested above, as also improvement in marketing conditions and of provision of better storage facilities would go a long way in improving the prices of jute for the cultivator.

Q. 23. Having regard to the fact that jute is more or less a monopoly of Bengal, the burden of the jute export tax should have fallen on the consumer. It has, however, not been so owing to the fact that the cultivators are not organised and hence the effect of this tax on the prices paid to producers has been adverse. This tax mostly comes from the pocket of the cultivator. Moreover, it should also be borne in mind that though this tax was levied on the assumption that jute is a monopoly crop, to-day it does not quite enjoy the same position. It stands in the world market on its cheapness, Jute tax operates especially heavily on the growers when the prices are low.

Q. 27. The normal difference between the price paid to the cultivator and the price paid by the manufacturer or baler is As. -/12/- to Re 1/- per maund. The middleman performs the essential func-

tion and it will hardly be of any benefit to the cultivator to exclude him particularly as the above difference in the price paid to the cultivator and the price paid by the manufacturer is mostly due to freight. This difference can, therefore, be reduced by a reduction in railway and steamer freight which are very high. The railway freight over the E. B. Railway is high particularly over the routes where there is no river traffic competition.

Q. 28. The system of cultivators pledging their crops before harvest used to be in vogue previously but now it is being discontinued gradually and is expected to die its natural death. This system, therefore, does not at present affect price levels nor does it result in the cultivator being paid a low price for raw jute to any appreciable extent.

Q. 29 (b). The relationship between jute and jute products has been influenced by the regulation of production by the Indian Jute Mills Association, by the breakdown of these regulations and by world political and speculative factors.

Q. 29 (c) The cost of manufacture may be reduced by reducing overhead expenses and by improvement in manufacturing efficiency.

Q. 30. A reasonable control of production of manufactured goods has generally a favourable effect on the prices of raw jute.

Q. 31 (a). Yes, the prices of manufactured goods could be raised by a scheme of restriction of production. The extent of such an increase will depend on the extent of restriction and other economic factors. But the question is whether a considerable increase in prices would be desirable because in that case the question of the use of substitutes will again crop up.

Q. 31 (b & c) The restriction agreement so far as it worked was a success. A similar voluntary scheme could be evolved by the trade.

Q. 32 As said above, any reasonable restriction on the production of manufactured goods should have a favourable effect on the prices of raw jute. The cultivators could share in the increased prices of manufactured products if their holding power and facilities like storage, etc. are increased.

Q. 33. As pointed out above, the freight charges whether of railway or of steamship companies are generally high. The freight on the

E. B. Railway is especially high where there is no alternative mode of transport like waterways available. A comparison between the freights charged by the E. I. Railway and the E. B. Railway for equal distance will prove the truth of this contention. The inland river freight and the overseas freights are also high. We think that there could be at least 25% reduction in both rail and inland steamer freights as well as in overseas freights. The marine and fire insurance charges appear to be reasonable.

Q. 34. As the Government forecast has hardly ever been anything near the actual crop produced, the trade does not put much reliance on these forecasts. Private firms obtain their forecasts by personal investigations through agents.

Q. 35. We do not know the working of the present Government system of compilation of jute forecasts but we do know that it is not satisfactory.

Q. 37. Yes, we think it is possible to obtain a reasonably accurate forecast by a field survey provided the Government is prepared to meet the expenses. However, if the cost is too heavy, we do not think it would be justified particularly as private firms have got arrangements to obtain a reasonable estimate of the crop.

Q. 40. Though it could be possible to compel holders of stocks to submit returns, it does not seem to be necessary. We don't consider any legislation to be necessary. Approximate estimates of stocks held ex-India could be obtained through the various Trade Commissioners and Foreign Chambers of Commerce.

Q. 41. The present method of publishing the forecast is alright.
